THE EMIRATES GROUP ANNUAL REPORT | 2018-19

KEEPING WILDLIFE IN THE WILD

The human race has much to be proud of – whether it is pushing the boundaries of science and technology, evolving art, culture and creativity, or innovating at an astonishing pace to benefit mankind.

But there are also things we just cannot be proud of.

The serious damage to our ecosystems, the defacement of our beautiful planet, the plundering and annihilation of so many amazing creatures that inhabit our world is shocking.

It needs to stop.

The illegal trade in the sale of wild animals either as pets, or for their hides, tusks or other parts for use in food, medicine, exotic leathers, jewellery and ornaments is worth US$ 20 billion every year. The increase in illegal poaching worldwide is a worrying trend.

Today, there are 7,000 endangered species in the world, and many are nearing extinction. We all have a role to play in protecting the planet, and the actions we take today as individuals, communities, corporates and countries will determine their future for generations to come.

So, what's being done?

The World Travel & Tourism Council (WTTC) is leading the industry's effort to fight this challenge. The Buenos Aires Declaration is a commitment to reach one billion travellers with our messages and to work with communities to develop sustainable tourism that provides livelihoods and protects wildlife. WTTC and the World Wildlife Fund are developing guidelines to eliminate illegal wildlife trafficking from our supply chains.

United for Wildlife, spearheaded by the Duke of Cambridge and the Royal Foundation, is implementing projects to end the entire illegal wildlife trade chain. It believes combining forces with the private sector is crucial in stopping the trafficking of wildlife products. The Buckingham Palace Declaration, signed in March 2016, commits to taking steps to shut down the routes exploited by illegal wildlife traffickers and remove the vulnerabilities in transportation and customs to tackle the criminals.

As one of the world's largest businesses in the aviation industry, the Emirates Group is committed to making a positive difference in combatting illegal wildlife trade, and to marshalling our resources in support of this cause.

Read more on pages 56 to 63

HIS HIGHNESS SHEIKH MOHAMMED BIN RASHID AL MAKTOUM

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

From an early stage, the UAE's growth journey was guided by a human-centred development model with a primary aim to serve the people and ensure their happiness. In this vision for development, our ambitions were not limited to matching the progress of the world's most developed countries. We set our sights on being a frontrunner on the global stage, a leader in shaping the future of humanity.

The aviation, travel, tourism and leisure industries have always been a key part of this vision. They represent important pillars of our national economy and are vital to our global aspirations. These sectors are also at the heart of our efforts to be a global commercial hub and a lifestyle destination. The Emirates Group was one of the major initiatives we launched in our pursuit of excellence in these sectors.

Today, the Group is a market leader and industry trendsetter. It is an achievement we can all be proud of. We can never underestimate the role that Emirates has played in various dimensions of our development.

The Arabian Oryx was reintroduced into the Dubai Desert Conservation Reserve and now forms one of the largest, free roaming herds of its kind in the region. It was the first animal to be reclassified - from extinct in the wild to vulnerable - by the IUCN Red List of Threatened Species.

DUBAI HAS SET ITSELF AN AMBITIOUS TARGET OF WELCOMING

25 million

VISITORS BY 2025

Emirates has helped us tap the power of our strategic geographic location. It has also been instrumental in the city's rapid rise as a tourism hub. Dubai was ranked the world's fourth most visited city for the fourth year in a row by the MasterCard Global Destination Cities Index (GDCI) 2018. Dubai also topped the list of global cities with the highest international overnight visitor spend for the third year in a row.

Parallel to Emirates' rise as a world-leading airline, we were able to create high-quality infrastructure, some of the world's best hotels and hospitality service levels that are unrivalled globally. We have shown the world that we never rest on our achievements.

Dubai has set itself an ambitious target of welcoming 25 million visitors by 2025. Next year, we will be welcoming millions of guests to Expo 2020, the largest event to be ever organised in the Arab world. It will be an opportunity to showcase our finest hospitality, organisational capabilities, infrastructure, and investment opportunities. Expo will be a catalyst, not only for ideas and innovation, but also connectivity and growth across the world.

Our development journey today is marked by two key themes – ambition and sustainability. In 2022, we are set to be the first Arab country to have conducted a mission to Mars. As part of our longer-term space aspirations, we plan to establish the first-ever inhabitable human settlement on Mars by 2117. We are at the global forefront of harnessing a range of other advanced technologies, including artificial intelligence and Internet of Things. Dubai's and the UAE's success has essentially been a story of partnerships between the government and citizens, and between the public and private sectors. Investors, entrepreneurs, scientists, creative professionals and innovators from all over the world have come together here to achieve their dreams. Our spirit of peaceful coexistence goes hand in hand with our ethos of collaboration and partnership. We have opened our doors for everyone seeking opportunities to contribute their talent and innovation. That is why it has become a preferred destination for people across the world, whether it be for investment, work or lifestyle. More than 200 nationalities live in Dubai in harmony, making the city a model for cultural coexistence.

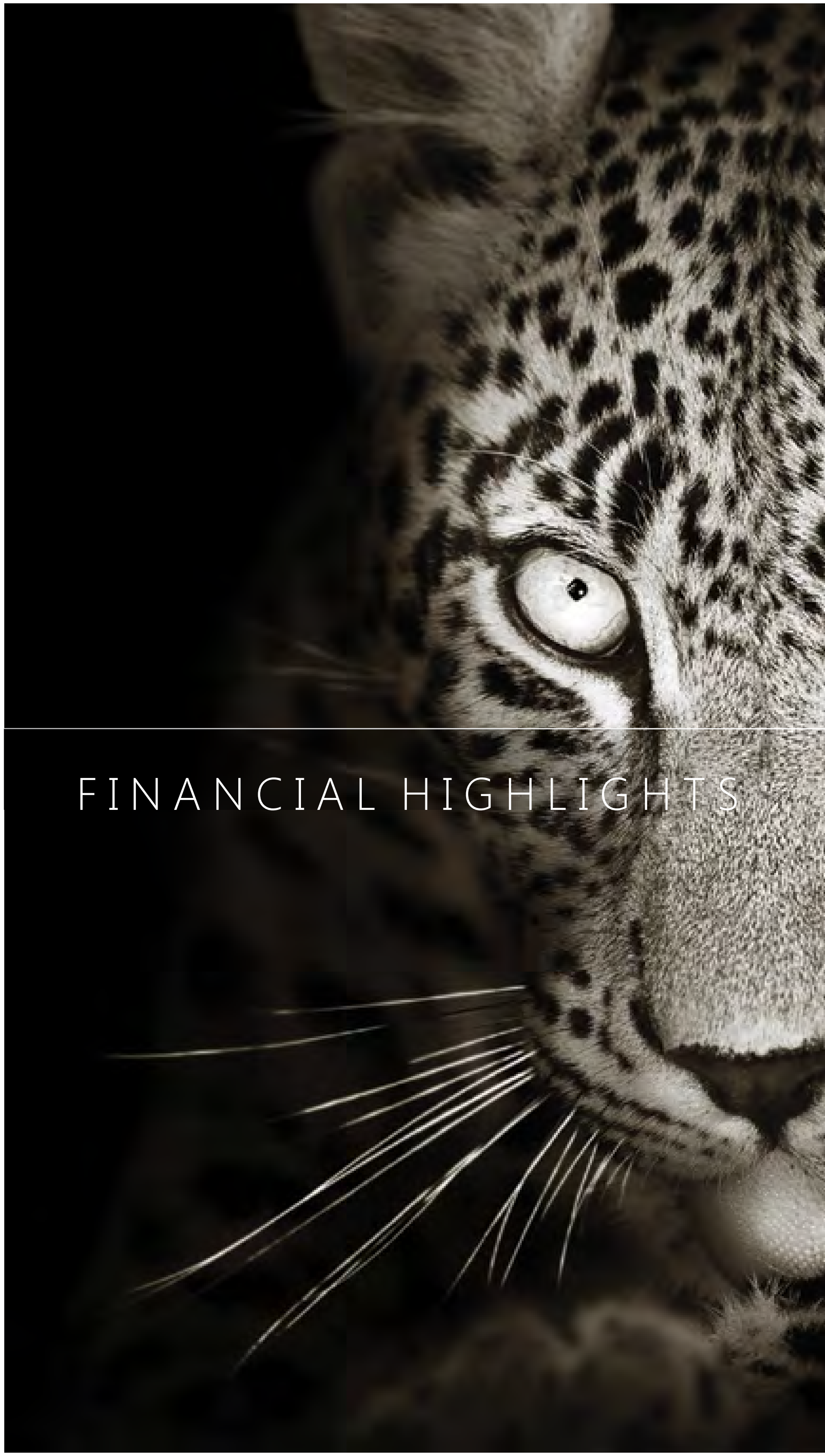
The Emirates Group continues to be one of the key enablers of our unique role in the world – a bridge between markets, cultures and regions. In the years ahead, I believe it will be an even bigger player in the UAE's economic march and further enhance its leadership in shaping the future of the world's aviation, travel, tourism and leisure industries.

Emirates is a global airline, serving 156 airports in 84 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, serving over 320 airlines in 37 countries. dnata's 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.


united for wildlife
dnata



FINANCIAL HIGHLIGHTS

Emirates Group

Financial highlights		2018-19	2017-18	% change
Revenue and other operating income*	AED m	109,255	102,409	6.7
Operating profit	AED m	3,925	5,282	(25.7)
Operating margin	%	3.6	5.2	(1.6) pts
Profit attributable to the Owner	AED m	2,316	4,113	(43.7)
Profit margin	%	2.1	4.0	(1.9) pts

Financial position				
Total assets**	AED m	142,267	141,625	0.5
Cash assets	AED m	22,159	25,365	(12.6)

Employee data				
Average employee strength	number	105,286	103,363	1.9

* After eliminating inter company income/expense of AED 3,071m in 2018-19 (2017-18: AED 2,987m).

** After eliminating inter company receivables/payables of AED 222m in 2018-19 (2017-18: AED 254m).

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.

OVERVIEW
EMIRATES
DNATA
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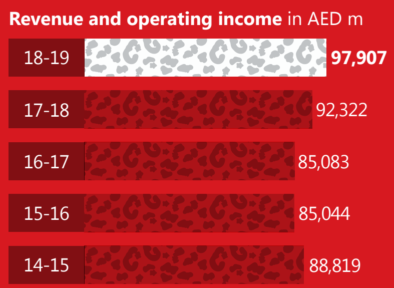
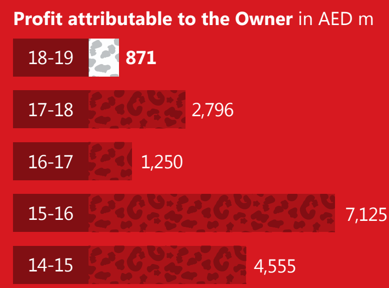
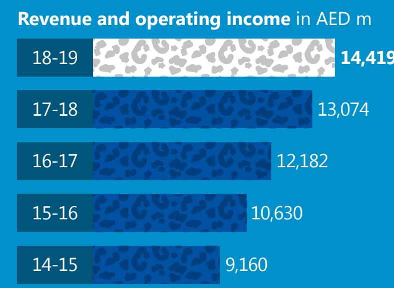
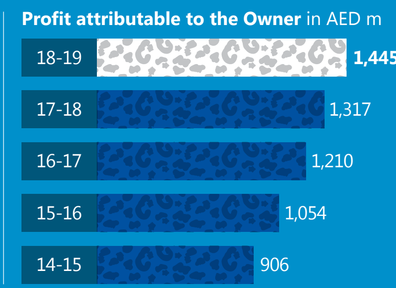
FINANCIAL INFORMATION
ADDITIONAL INFORMATION









Emirates

Financial highlights		2018-19	2017-18	% change
Revenue and results				
Revenue and other operating income	AED m	97,907	92,322	6.0
Operating profit	AED m	2,647	4,086	(35.2)
Operating margin	%	2.7	4.4	(1.7) pts
EBITDAR	AED m	24,291	24,970	(2.7)
EBITDAR margin	%	24.8	27.0	(2.2) pts
Profit attributable to the Owner	AED m	871	2,796	(68.8)
Profit margin	%	0.9	3.0	(2.1) pts
Return on shareholder's funds	%	2.4	7.9	(5.5) pts
Financial position				
Total assets	AED m	127,398	127,587	(0.1)
Cash assets	AED m	17,037	20,420	(16.6)
Net debt (including aircraft operating lease) to equity ratio	%	209.8	216.4	(6.6) pts
Airline operating statistics				
Passengers carried	number '000	58,601	58,485	0.2
Cargo carried	tonnes '000	2,659	2,623	1.4
Passenger seat factor	%	76.8	77.5	(0.7) pt
Overall capacity	ATKM million	63,340	61,425	3.1
Available seat kilometres	ASKM million	390,775	377,060	3.6
Aircraft	number	270	268	2 nos
Employee data				
Average employee strength	number	60,282	62,356	(3.3)

dnata

Financial highlights		2018-19	2017-18	% change
Revenue and results				
Revenue and other operating income	AED m	14,419	13,074	10.3
Operating profit	AED m	1,278	1,196	6.9
Operating margin	%	8.9	9.1	(0.2) pt
Profit attributable to the Owner	AED m	1,445	1,317	9.7
Profit margin	%	10.0	10.1	(0.1) pt
Return on shareholder's funds	%	19.2	19.3	(0.1) pt
Financial position				
Total assets	AED m	15,091	14,292	5.6
Cash assets	AED m	5,122	4,945	3.6
Key operating statistics				
Aircraft handled	number	698,739	659,591	5.9
Cargo handled	tonnes '000	3,091	3,083	0.3
Meals uplifted	number '000	70,889	55,718	27.2
Travel services: Total Transaction Value (TTV)	AED bn	11.5	11.3	1.6
Employee data				
Average employee strength	number	45,004	41,007	9.7

OVERVIEW
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Despite global challenges, the Emirates Group delivered its 31st consecutive year of profit in 2018-19

CHAIRMAN'S MESSAGE

AED 109bn

GROUP REVENUE 2018-19

Our financial year 2018-19 was an interesting period of contrasts and challenges for the aviation industry. While global passenger traffic was up through the year, it was buffeted by shifting economic realities and geopolitics.

Demand for air cargo faced significant headwinds and, according to IATA, global economic activity and consumer confidence weakened by March this year. The Purchasing Managers Index (PMI) indicated falling global export orders since September 2018. Political posturing and slow progress on pressing global issues, including several ongoing trade wars, Brexit and the refugee crisis, conspired to bog down the global economic outlook even further.

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

OUR GROUP INVESTED

AED 14.6bn

IN NEW AIRCRAFT, EQUIPMENT, ACQUISITIONS, FACILITIES, TECHNOLOGY, AND EMPLOYEE INITIATIVES.

Crude oil prices rose sharply in the first half of our financial year, and then remained volatile. As a result, jet fuel prices soared by 22% over our financial year. There were significant currency fluctuations in India, Iran and Brazil, and volatility and devaluations in Africa and South America.

Although passenger traffic in the Middle East jumped by 4.2% in 2018, it was down from the 6.9% growth in 2017, marking the second consecutive year of tempering demand growth. IATA believes this growth deceleration reflects the impact of policy measures and geopolitical tensions.

Competition in the aviation industry was stiff globally, and more so regionally. Our regional competitors constantly snapped at our heels, with a one-point business plan to always undercut Emirates' fares at all costs. Unlike some, we must operate on a commercial basis. We took a broad and fresh approach to our traditional pricing strategies to avoid engaging in price wars and to improve yield, even if it meant conceding market share. This allowed us to continue to invest in product and service excellence.

Both Emirates and dnata managed to ride these challenging waves, thanks to two key factors: our hub, centrally located on the map, is a global and regional powerhouse; and our clear focus on our long-term strategy.

Globally, major airlines strengthened their networks, bought longer range aircraft to bypass hubs, enhanced their inflight product and created better airport experiences. Our response was to up our own game.

The Group invested AED 14.6 billion in new aircraft, equipment, acquisitions, facilities, state-of-the-art technologies, and employee initiatives. We enjoyed our 31st consecutive year of profit, earned record revenues and maintained a robust cash balance.

We declared a dividend of AED 500 million to the Investment Corporation of Dubai. Through the year, the airline focussed on delivering what the customer has come to expect from us: the unexpected. We invested in the latest aircraft, pinned more destinations on our route network, created more connections through partnerships, and delivered even better experiences on the ground and on board.

At dnata, we continued without breaking stride, acquiring new businesses, expanding our network globally, investing in people, equipment and safety, and consolidating our operations.

We tightened our cost discipline. Across the Group, we streamlined our support services operations with new technology, systems and processes. While Emirates' overall employee count declined and productivity improved, dnata's workforce increased by 10% to 45,000, mainly due to acquisitions. Our total workforce grew by 2% to 105,286 employees, across our business, including our 120+ subsidiaries.

The Emirates Group's workforce increased by 2% to 105,286 employees

The Emirates Group has been built by our committed, professional and immensely talented employees. We recognised their performance and spirit with more than 13,800 awards, and invested in upskilling our people with cutting-edge training programmes. We celebrated our female colleagues on Women's Day, completed another successful Dubai Fitness Challenge and supported a variety of wellness initiatives.

We implemented a new personal data privacy policy and adopted the European Union's General Data Protection Regulations (GDPR) as our standard worldwide, not just in the EU. We resolved to treat people's privacy with respect, fairness, transparency and integrity, honouring the trust they place in us. Our Data Privacy Office liaises with regulatory bodies, sets policies and guidelines, rallies internal stakeholders, and coordinates training and awareness.

EMIRATES HAS
40
AIRCRAFT IN THE EXPO 2020 LIVERY

Both Emirates and dnata meticulously prepared for the southern runway rehabilitation at Dubai International airport (DXB) in April and May 2019. No question – this is going to hit us hard, and we expect it to impact our financial results next year.

The UAE's 47th National Day on 2 December was a proud occasion for all of us at the Group and for everyone in the country as Emirates, Etihad, flydubai, Air Arabia and Al Fursan took to the skies in unison to celebrate the day and commemorate the legacy of the nation's late founding father HH Sheikh Zayed bin Sultan Al Nahyan. It showcased the UAE's aviation success story to the nation and the world.

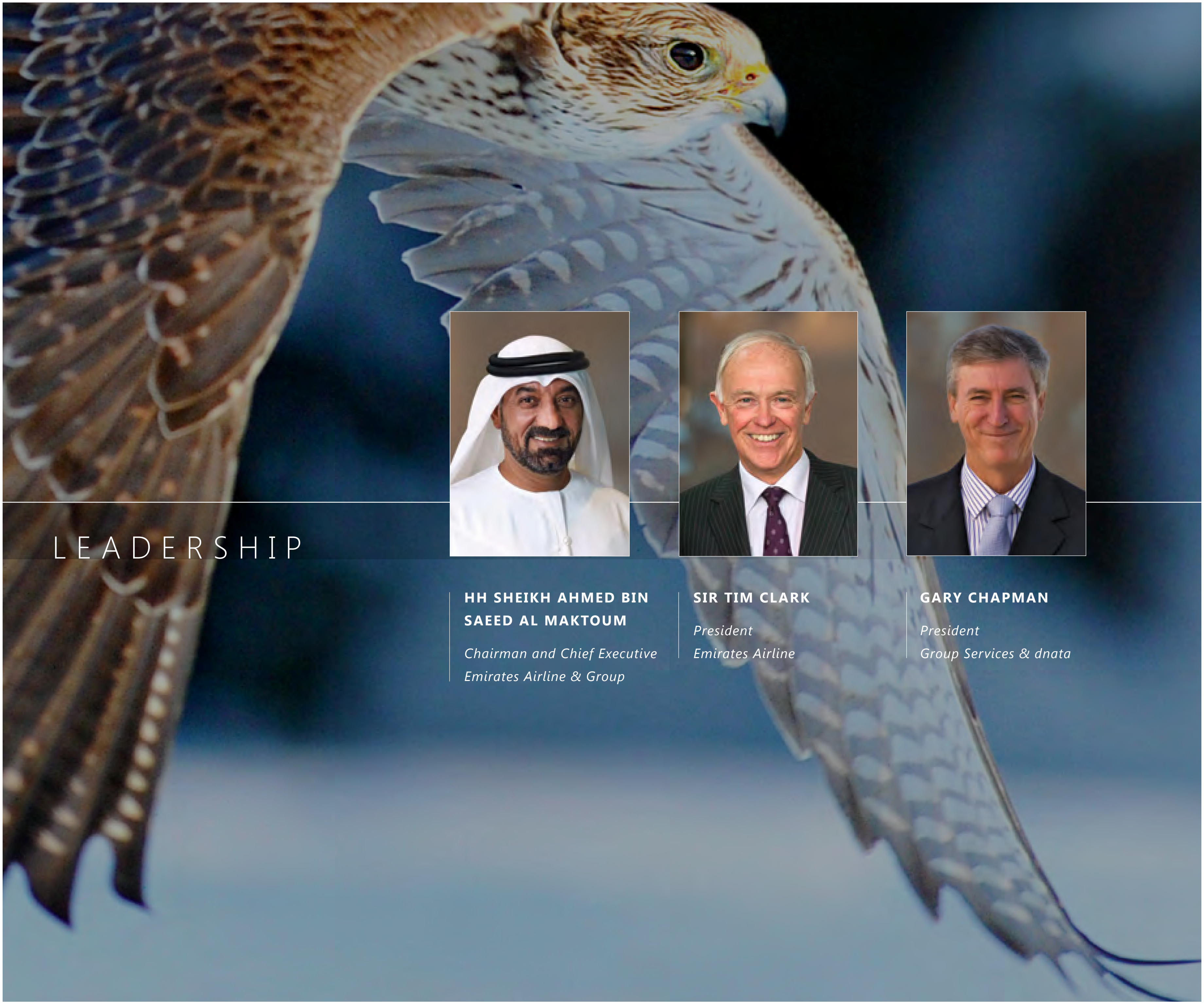
We are marking the countdown to Expo 2020 Dubai by gearing up to attract 25 million visits and by building a show stopping pavilion. Our 40 aircraft in the Expo 2020 livery fly across the six continents on our network, upping awareness and anticipation. We launched a limited edition collection of Expo 2020 themed A380 and 777 aircraft models, and a series of podcasts and films inflight to educate our customers about the six-month event of global entertainment, inspiration and unique experiences.

Emirates and Dubai Future Accelerators launched a sixth cohort with seven teams dedicated to working exclusively on the challenges put forth by the airline. We also support and partner with Intelak, the first aviation, travel and tourism incubator established in the UAE. Intelak has boosted the country's innovation ecosystem by encouraging a number of young entrepreneurs to come together and transform their ideas into reality.

Sustainability and the future of the planet are global issues close to our hearts, and we are acutely conscious of our position to influence stakeholders and champion advocacy. Our leadership team, our employees and our brands are spearheading several initiatives internally and with global partners to make an enduring difference.

The Emirates Group remains committed to Dubai, our customers, employees and stakeholders. Our ongoing investments in our people, technology, and infrastructure will help us sharpen our competitive edge, ensure we are ready for opportunities, and stay on course for sustainable growth.

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



LEADERSHIP

HH SHEIKH AHMED BIN SAEED AL MAKTOUM

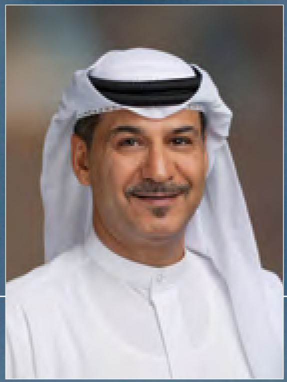
Chairman and Chief Executive
Emirates Airline & Group

SIR TIM CLARK

President
Emirates Airline

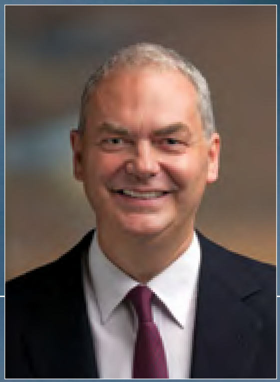
GARY CHAPMAN

President
Group Services & dnata



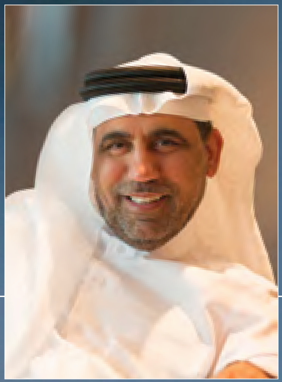
ADEL AHMAD AL REDHA

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

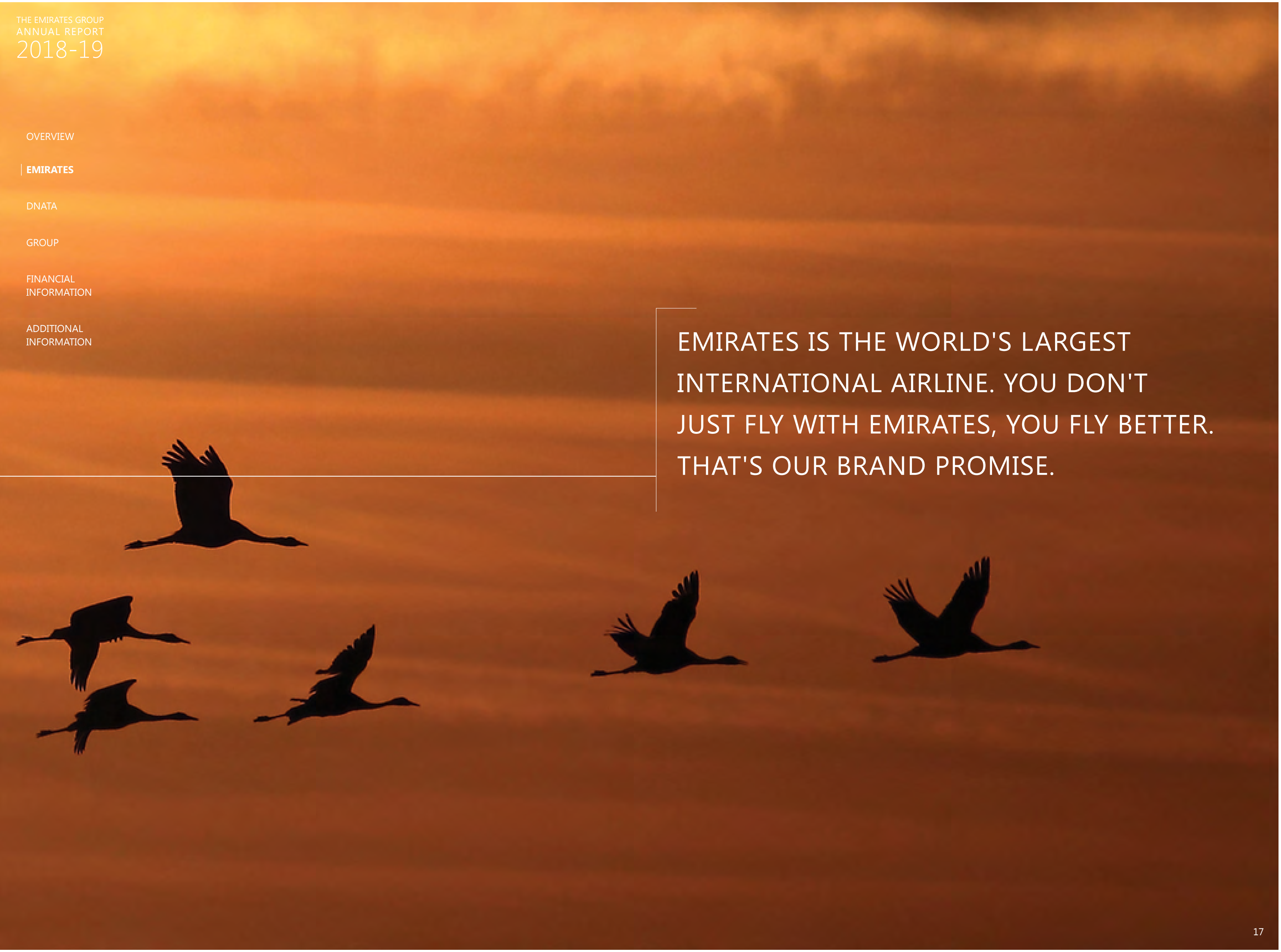
ALI MUBARAK AL SOORI

Executive Vice President
Chairman's Office, Facilities & Project Management and Non-Aircraft P&L

NIGEL HOPKINS

Executive Vice President
Service Departments
Emirates Group

EMIRATES



EMIRATES IS THE WORLD'S LARGEST INTERNATIONAL AIRLINE. YOU DON'T JUST FLY WITH EMIRATES, YOU FLY BETTER. THAT'S OUR BRAND PROMISE.

Emirates invested in its inflight and on ground product to deliver unforgettable experiences

PRESIDENT'S MESSAGE

58.6

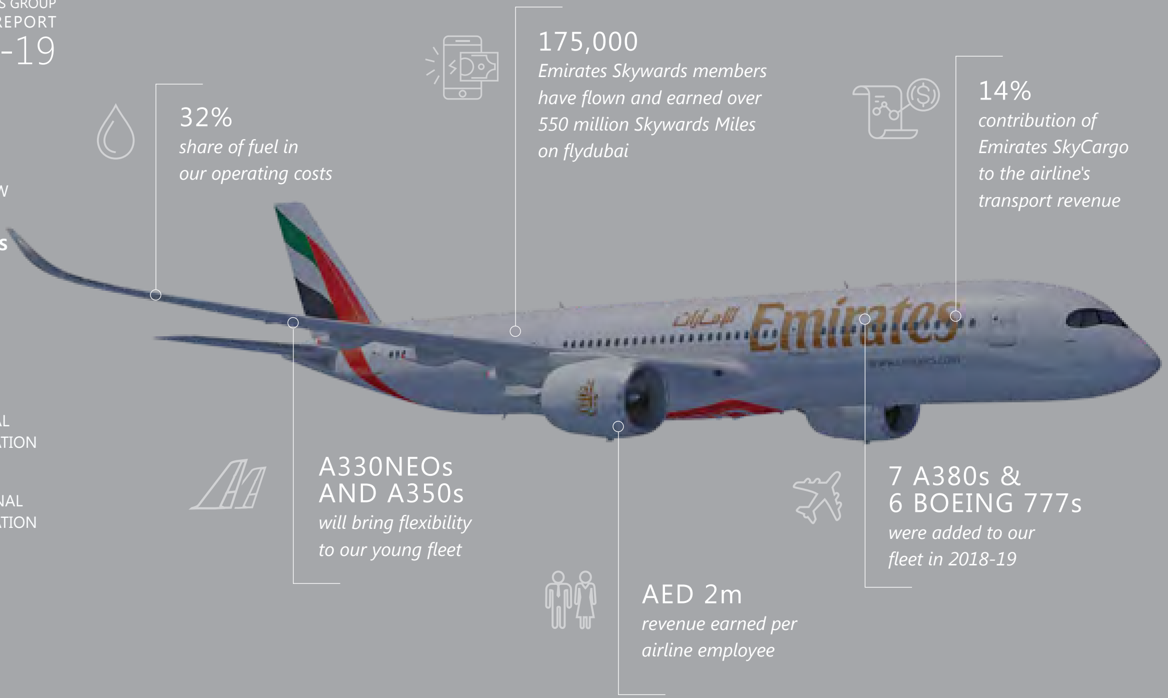
MILLION PASSENGERS CARRIED

Emirates retained its pole position as the world's largest international airline – crossing 63 billion ATKMs in 2018-19.

Despite cutthroat competition, our revenue increased by 6%. However, fuel and currency volatility, as well as global trading conditions, conspired to reduce our profitability and our profit margin significantly.

Our total operating costs increased mainly due to the sharp 22% upswing in jet fuel prices, on top of last year's 15% surge. Fuel now forms 32% of our operating costs, and remains our biggest expense. We were also negatively impacted by the strengthening of the US Dollar to the tune of AED 572 million, a swing of AED 1.2 billion from the previous year.

Emirates SkyCargo bucked the trend and did us proud with a strong performance in a highly competitive market with weak demand. The division contributed 14% of the airline's total transport revenue and played a role in expanding our network.



Last year, we got smarter, more connected, and far more inventive, both operationally and commercially. We rationalised our routes further, and took a more dynamic approach to deploying capacity to take the best advantage of global seasonality in demand. This optimised our fleet and network as we adjusted frequencies during peak travel periods. Our dynamic scheduling has been made possible by integrating smarter operational intelligence with customer insights, and close ties with airports and other partners.

The drive to revolutionise air travel and always be better is hardwired into our DNA, and it enables us to deliver unforgettable experiences at every touchpoint, every time. In October, we introduced our bold new brand promise Fly Better to the world, through a series of marketing activities, including inspiring TV commercials and our global sports sponsorship branding. We reaffirmed our customers' conviction that they can expect product and service superiority - from the moment they browse to book with us to the time they say their lingering goodbyes.

Our Emirates-flydubai partnership has created significant synergies by reducing route overlaps and realigning schedules to common destinations. Customers benefitted from greater global connectivity, schedule flexibility, an integrated loyalty programme, and the convenience of travelling on a single ticket with seamless baggage handling.

In 2018-19, the two airlines jointly carried 3.4 million customers on codeshare flights across 84 destinations. This year, we will expand our codeshare network further. Over 175,000 Emirates Skywards members have flown and earned more than 550 million Skywards Miles on flydubai.

We are strong believers in the A380 programme, despite Airbus' decision to stop production in 2021. Our current and future investments in the iconic Emirates A380, including the introduction of Premium Economy in 2020, will continue to wow our customers.

We have been reviewing our fleet mix options for some time now, so converting some of our A380 orders into

270

AIRCRAFT AS OF 31 MARCH 2019

A330neos and A350s gives us the required flexibility. In 2019-20, we plan to receive six A380s and retire eight Boeing 777s, keeping our fleet strong and young. Our next stop will be Porto in Portugal, where we will offer four weekly services from 2 July.

Our employee numbers declined by 3% to 60,282, due to natural attrition, reduced recruitment, and smarter ways of working that led to productivity gains. Productivity remained high at AED 2 million revenue earned per airline employee, an 11% increase from the previous year. Proud, committed employees – from our award-winning crew, lounge, check-in and contact centre agents to all our specialists and professionals who work behind the scenes – were unified by our brand promise to create memorable travel experiences and ensure our customers fly better with us every day.

As a business with a big conscience, we don't just want our customers to fly better, we also want to do better for the planet and be good corporate citizens. Our close partnership with United for Wildlife; our long-standing conservation efforts at Dubai Desert Conservation Reserve and the Emirates One&Only Wolgan Valley; and our extensive work with underprivileged children globally through the Emirates Airline Foundation are our sincere efforts to give back to the community, and leave a lasting legacy for future generations.

At Emirates, we're passionate about soaring higher, flying better.

Sir Tim Clark
President Emirates Airline

Emirates' First Class Private Suites on its Boeing 777-300ER wowed customers worldwide

FLYING BETTER

12 million+

PASSENGERS CONNECTED TO OUR WI-FI ON BOARD LAST YEAR

Despite severe challenges and several distractions, Emirates did not lose sight of its long-term strategy or forget its role as a connector of people, places and the planet. We made flying better for our customers and delivered another year of trendsetting products and services across our fleet and network. Our game-changing First Class with fully enclosed Private Suites on our Boeing 777-300ERs continued to capture worldwide attention, as did our newly refreshed two-class 777-200LR with extra wide seats in Business Class.

Live TV is available on 175 Emirates aircraft, and 50 more will be retrofitted this year

WE NOW OFFER OVER 1,000 MULTILINGUAL MOVIES AS PART OF OUR

4,000

CHANNELS ON **ICE**.

Movies, music and much more

ice, our award-winning inflight entertainment system, continued to be at the forefront of innovation, connectivity and entertainment. In 2018-19, over 12 million passengers connected to our Wi-Fi on board. Over the summer, football fans passionately cheered their national teams during the World Cup on board 175 aircraft equipped with live TV. This year, 50 more aircraft will be retrofitted with live TV, providing even more choice for customers to watch live sport, breaking news and much more.

We now offer over 1,000 multilingual movies as part of our 4,000-channel selection on **ice**. Our very own Food & Wine channel, launched this year, gives customers a glimpse into how we create our menus, and source the best artisanal ingredients and beverages from global partners. We also launched two dedicated TV promotional channels - Dining and Entertainment and Attractions and Activities - to help passengers plan unforgettable days out in Dubai.

INTRODUCED

- *Emirates Vintage collection*
- *High-tech airside buses*
- *New 'Fly With Me' animal toys*
- *New Emirates Lounge in Cairo*
- *Home Check-in*

NEW LUXURY PRODUCTS

in First and Business Class

- *Bowers & Wilkins headphones*
- *Bulgari amenity kits*
- *BYREDO skincare*

REVAMPED

- *Lounges in Rome, New York JFK and DXB*
- *Selection of wines and spirits inflight in all classes*

CELEBRATED

Festive occasions like Christmas, Diwali, Easter, Eid, Holi, Lunar New Year and Ramadan with special menus and dishes

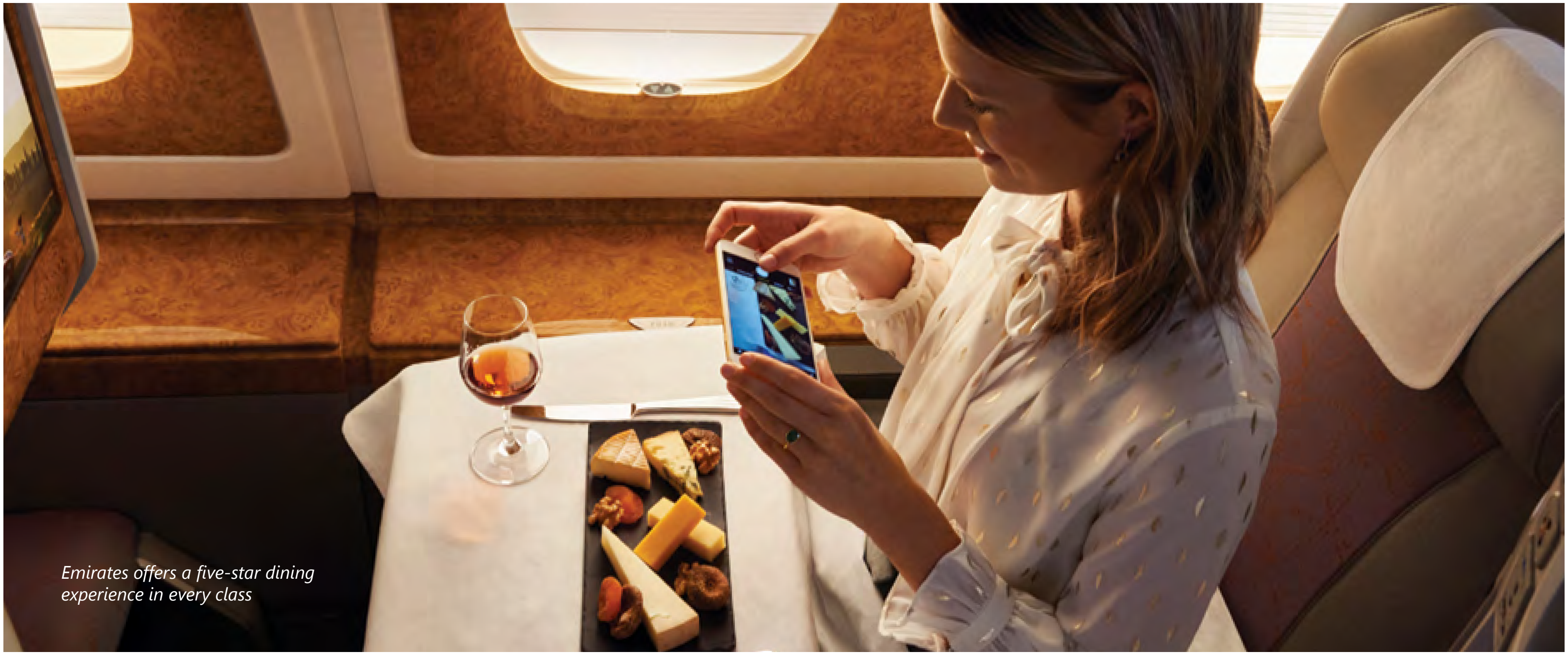
Five star dining among the stars

Dining is an experience not to be missed, both in our lounges and on our flights. Before they fly, our customers can easily browse the menus on their specific flight, via our mobile app or our website. Our customers on special diets can pre-book a delicious range of choices from our menu. In January, also known to vegans as Veganuary, we served over 20,000 plant-based meals, which represents a 40% increase.

Lifting spirits

In April, we revamped the selection of our wines and spirits inflight, across all classes, introducing a range of new premium brands as well as exclusive selections. We introduced the Emirates Vintage collection, a selection of fine wines that have been stored for 15 years, on select routes in First Class.

Our First and Business Class customers also experienced new luxury products that we developed in collaboration with BYREDO skincare, Bowers & Wilkins, and our long-



Emirates offers a five-star dining experience in every class

standing partner Bulgari for the amenity kits, which we regularly refresh.

During the busy summer period, we delighted children with a new 'Fly With Me' animal toy selection and new Lonely Planet activity kits. At Emirates Terminal 3, we made people instantly happy with complimentary ice-cream.

The on-ground experience takes off

Our customers' on-ground experience received a major boost with massive investments in new products and solutions. With our new Home Check-in service, launched in April, customers could check-in for their flights and handover their baggage from the comfort of their own home, hotel or office.

Through the year, our close collaboration with stakeholders helped us launch trials for the world's first 'biometric path' that offers customers a smooth and seamless journey at DXB. Using the latest in biometric technology – a mix of facial and iris recognition – our customers can check-in, complete immigration formalities, enter an Emirates Lounge, and board their flights, as they walk through different airport touchpoints.

A brand new fleet of 40 high-tech airside buses now ferry our passengers in ultra-comfort between terminals and aircraft parked away from gates. By 2020, the fleet will increase to 128 buses.

For our customers, our lounges are luxurious havens in busy airport environments, and so we refreshed the ones in Rome, New York JFK and DXB, and inaugurated a new one in Cairo, marking our 42nd dedicated lounge worldwide.

Our customers travelling through DXB faced fewer delays associated with aircraft turnarounds, thanks to our innovative new application, built in-house, called the Hub Monitor. It helps our operational teams share and monitor real-time information on all the activities carried out to prepare an aircraft for departure.

We successfully rolled out AS Connect, a ground-breaking, multifunctional application, across our network, linking all customer facing areas at the airport from check-in to baggage and reservations, enhancing customer experience and effectively managing any operational disruption.

We received the IATA Resolution 753 compliance certification for our baggage operation in Dubai, underlining our capability to diligently track bags that flow through our hub for departing, arriving and connecting customers. We developed Wasla, an integrated baggage management system, to provide full control of our hub baggage operations.

The Emirates-flydubai partnership is set to evolve even more, offering customers a wider network and seamless transfers

CONNECTING THE WORLD

119

INTERLINE PARTNERS IN 102 COUNTRIES

Customers got more choice, connectivity, convenience and comfort as we forged partnerships to expand our network, beyond our own routes. Three new Emirates routes – London Stansted, Edinburgh, Santiago – the relaunch of services to Sabiha Gökçen Airport, Istanbul, plus additional frequencies to 14 points and upgraded capacity to six cities marked a busy period of network expansion for us.

With the Emirates-flydubai partnership, our customers can access 61 more destinations served by flydubai, with seamless connections at our Dubai hub. Since December, our customers have direct access to 12 flydubai destinations from Emirates Terminal 3, and both airlines continue to further enhance inter-terminal transfers in Dubai for our customers.

OUR CODESHARE PARTNERS

AIR MALTA

AIR MAURITIUS

ALASKA AIRLINES

BANGKOK AIRWAYS

COPA AIRLINES

FLYBE

FLYDUBAI

JAPAN AIRLINES

JETBLUE AIRWAYS

JETSTAR AIRWAYS

JETSTAR ASIA

JETSTAR PACIFIC

KOREAN AIRLINES

MALAYSIA AIRLINES

QANTAS

SIBERIA AIRLINES

SOUTH AFRICAN AIRWAYS

TAP PORTUGAL

THAI AIRWAYS INTERNATIONAL

WESTJET

LINHAS AÉREAS INTELIGENTES S.A. (GOL)

TGV AIR (SNCF)

TRENITALIA

For more information, log on to emirates.com

OUR CUSTOMERS CAN ACCESS

61

MORE DESTINATIONS THROUGH FLYDUBAI'S NETWORK

During the year, we announced a new codeshare agreement with Jetstar Pacific and signed an MoU with China Southern Airlines. We enhanced our commercial strategic partnership with South African Airways, further expanding our network and the array of choices we offer to our customers.

Codeshare partner networks

Emirates takes pride in its extensive global network of 158 destinations in 85 countries/territories. While our business strategy is to grow organically, we forge strategic partnerships, agreements and codeshares to expand our offering and benefit our customers.

We now have 23 codeshare partners and 119 interline partners in 102 countries, extending our network by over 5,250 additional destinations.

Emirates is the largest operator of Airbus A380s and Boeing 777s

FLEET FOR THE FUTURE

6.1 YEARS

AVERAGE FLEET AGE

In February, we ordered 40 A330neos and 30 A350-900s worth US$ 21.4 billion at list prices in an agreement signed with Airbus, to be delivered from 2021 and 2024. We will receive 14 more A380s from 2019 until the end of 2021, taking our total A380 fleet to 123 aircraft.

In 2018-19, we received 13 new aircraft – seven A380s and six Boeing 777-300ERs – and retired 11 older aircraft, bringing our fleet count to 270 on 31 March 2019. The fleet roll-over involving 24 aircraft was again one of the largest managed in a year, keeping our average fleet age at a youthful 6.1 years.

We hit two fleet milestones in 2018-19: we celebrated 10 years of A380 operations last August, and took delivery of our last Boeing 777-300ER on our order book. This makes it our 146th 777-300ER and the 190th 777 aircraft delivered to us. It means one out of every eight 777 aircraft ever manufactured by Boeing has been delivered to us.

IN 2018-19
WE RECEIVED

13

NEW AIRCRAFT

We remain the world's largest operator of both the A380 and the 777 aircraft, and also the only airline in the world to have operated all the six variants of the 777 family. Our A380s continue to command awe and stir excitement. We support governments and airports with one-off services, and in 2018-19, we flew to five cities: Beirut, Muscat, Islamabad, Riyadh and Accra, and included temporary services to St Petersburg.

Our teams are busy finalising the next generation bespoke cabin designs of our Boeing 777Xs and the Premium Economy on our A380s, which is scheduled for delivery from 2020.

Keeping our fleet airworthy and in mint condition is the job of our dedicated team of engineers. Last year, the team successfully accomplished the first complete replacement of the entire landing gear on one of our A380s. Our engineers converted 10 of our 777-200LRs from a three- to a two-class configuration by investing 16,000 man-hours and sourcing 2,700 spare parts from 30 suppliers.

Our engineering team also launched four important projects: iShare, in collaboration with Airbus, e-logbooks, Safety Equipment RFID tracking and the Hub Monitor, all of which give us excellent real-time visibility in tracking and early identification of potential disruptors for timely resolution.

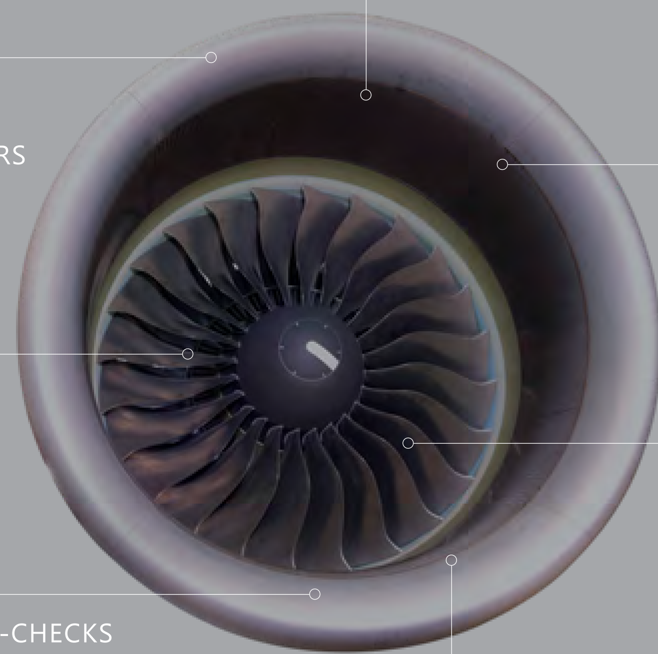
4,900

MAINTENANCE JOBS

30 AIRCRAFT REPAINTED
21 A380s and 9 Boeing 777s

683,853 IN-HOUSE REPAIR ORDERS
560,000 man-hours

MAINTENANCE EFFORTS: 2.7 MILLION MAN-HOURS



254 ENGINE CHANGES

7,373 ENGINE REPAIR ORDERS
74,000 man-hours

106 C-CHECKS

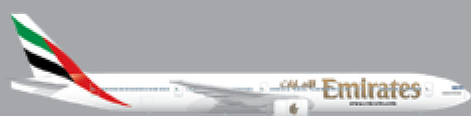
10 777-200LR
converted from 3-class to 2-class configuration

FLEET INFORMATION AS OF 31 MARCH 2019

A380-800
In fleet: 109
On order: 14

A330neo
On order: 40

A350-900
On order: 30



BOEING 777-300
In fleet: 1

BOEING 777-300ER
In fleet: 138

BOEING 777-200LR
In fleet: 10

BOEING 777-200LRF
In fleet: 12

BOEING 777-8X
On order: 35

BOEING 777-9X
On order: 115
Options: 50

AWARDS

20 APRIL

WORLD TRAVEL AWARDS MIDDLE EAST 2018

- Middle East's Leading Airline
- Middle East's Leading Airline Brand
- Middle East's Leading Business Class Airport Lounge
- Middle East's Leading Cabin Crew

23 APRIL

BUSINESS TRAVELLER MIDDLE EAST AWARDS 2018

- Best Airline Worldwide
- Airline with the Best Business Class
- Best First Class Airport Lounge in the Middle East
- Airline with the Best Cabin Crew

24 MAY

THE EMIRATES AIRLINE FOUNDATION

Is recognised by the UAE Ministry of Foreign Affairs and International Cooperation (MoFAIC) for its outstanding humanitarian and outreach projects globally.

4 OCTOBER

AIRLINE ECONOMICS

- Aviation 100 'Middle East & Africa Airline of the Year'

16 NOVEMBER

FUTURE TRAVEL EXPERIENCE (FTE) ASIA AWARDS 2018

- Best Customer Experience Initiative in the 'Up in the Air' category
- Best Customer Experience Initiative in the 'On the Ground' category

AIRLINERATINGS.COM AIRLINE EXCELLENCE AWARDS 2019

- Best Long Haul Airline - Middle East and Africa
- Best Inflight Entertainment, third consecutive year

22 NOVEMBER

2018 ULTRAS

- Best Airline in the World
- Best Airline in the Middle East

6 JUNE

BIAL PINNACLE AWARDS 2018

- Customer Choice Airline of the Year – International Full Service
- Airline of the Year – International Full Service

INTERNATIONAL TRAVELLER 2018 READERS CHOICE AWARDS

- Preferred Airline

18 JULY

SKYTRAX WORLD AIRLINE AWARDS

- World's Best Inflight Entertainment, 14th year consecutively
- Best Airline Staff Service in the Middle East

5 SEPTEMBER

CONDÉ NAST TRAVELLER READER'S TRAVEL AWARDS

- Best Business Airline
- Best Airline – Long-Haul Holiday

10 SEPTEMBER

THE FILIPINO TIMES AWARDS 2018

- Preferred Airline of the Year by Filipinos, second consecutive year

12 SEPTEMBER

FUTURE TRAVEL EXPERIENCE (FTE) GLOBAL AWARDS

- Best 'Up in the Air' Initiative (for First Class Private Suites)

25 SEPTEMBER

2019 GLOBAL PASSENGER CHOICE AWARDS

- Best Entertainment, second consecutive year
- Five-Star Global Airline Official Airline Rating

26 SEPTEMBER

GLOBAL FINANCE

- 'Corporate Innovator' Middle East 2018

NATIONAL GEOGRAPHIC TRAVELLER AWARDS 2018

- Best International Airline

BUSINESS TRAVELLER RUSSIA AND CIS AWARDS 2018

- Best Middle Eastern Airline

TRAVEL MAGAZINE AWARDS 2018

- Best Long Haul Airline 2018

17 JANUARY

2018 BUSINESS TRAVELLER AFRICA AWARDS

- Best Business Class, second consecutive year
- Best International Long-Haul Airline
- Best Airport Business Lounge (for Johannesburg).

25 JANUARY

GRAND TRAVEL AWARD

- World's Best Airline

Emirates SkyCargo's network of 158 destinations, including 16 freighter-only routes, create new trade routes and broaden markets

GROWING OUR WORLD

2.7

MILLION TONNES OF CARGO CARRIED

Emirates SkyCargo ferries freight that makes an enormous and positive impact on economies and the lives of millions of people. We create new trade lanes and broaden existing markets. We connect producers with consumers, and exporters with importers. Our combination of freighters and belly-hold capacity directly connect not just major trade hubs, but also secondary markets to our vast network.

Supporting economies

We help create markets for growing economies. In Vietnam, for example, we worked closely with Vietrade, and as a result, the export volume of fruits like rambutans and lychees has increased fivefold. Perishable exports from Vietnam to Dubai touched a record 1,433 tonnes by end-March.

We support agricultural economies with our expertise in handling perishables, end-to-end cool-chain facilities, and flexible freighter operations. We work with millions of farmers, growers and horticulturists to explore international markets and auctions for their produce. Our daily freighter service from Nairobi, for example, carries freshly harvested roses and flowers to Amsterdam, the world's largest flower distribution centre, helping support thousands of people who depend on the floriculture industry.

UNUSUAL CARGO CARRIED

500 HORSES
on 19 charter flights from Liege, Belgium to Greenville-Spartanburg, USA

SPECIAL CARS
1 DeLorean
1 Koenigsegg Agera RS1
1 Aston Martin One 77

6 PIANOS
including the oldest one to have arrived in Australia in 1788, to the UK

2,000 YEAR OLD
statue of Buddha – 2 metres and 1,700kg - from Peshawar to Zurich for an exhibition

AWARDS
31 May

World Air Cargo Awards 2018
- Air Cargo Industry Achievement Award

Quality Awards Italy
- Best Carrier 'Flown as Booked'
- Customer Satisfaction

BIAL Pinnacle Awards
- Best International Cargo Airline 2018

9 July

DHL Global Forwarding 2018
- Carrier Award for Reliability and Excellence (CARE)

20 November

Global Freight Awards
- Cargo Airline of the Year

Helping save lives

Pharma customers trust us to transport vaccines and critical medicines worldwide, securely and rapidly, thanks to our fleet and facilities, including the world's largest EU GDP certified hub at Dubai.

In August, we carried the equivalent of 1.8 million doses of vaccines from Italy to Brazil in 36 special purpose containers on our freighter – a challenging shipment that we handled with huge success. We introduced 21 pharma corridors in select destinations by working with ground handling partners and key stakeholders to maintain consistently high standards from origin to destination for the handling of these temperature-sensitive products.

Flying food from farm to fork

Emirates Fresh, our specialised portfolio of solutions for perishable cargo, flew food fresh and on time. Consumers were able to savour a diverse range of food: salmon from Norway, mangoes from South Asia, meat from Australia, fresh seafood from Sri Lanka, Scotland and South Africa, dairy and chocolates from Ireland, green beans from Kenya, lychees and rambutans from Vietnam, strawberries from California, and wine and cheese from France.

Connecting the world

We expanded our network with new freighter services and belly-hold capacity, and we extended our reach into regional routes through our extensive global trucking network. At our hub in Dubai, our fleet of 49 trucks make 375 trips every day between DXB and DWC (Dubai World Central), offering a 24x7 bonded trucking service.

According to Cargo iQ, we are one of the largest air cargo airlines on total shipments tracked, coupled with exceptional on-time delivery rate. No surprise then that Cainiao, the logistics arm of the Alibaba Group, signed an MoU with us to support their growing operations.

In 2018-19, Emirates SkyCargo transported

51,714	tonnes of flowers
257,050	tonnes of food
2,039	horses
1,061	luxury cars
75,241	tonnes of pharma
397	charters for entertainment and sports events equipment
7,800	domestic animals with Emirates Pets (new product)
807	tonnes with Emirates AOG (new product)
185,951	tonnes globally by trucks
327,807	tonnes between DXB-DWC by trucks

Emirates Skywards offers its members exclusive and personalised experiences

MAKING LOYALTY COUNT

24 million

SKYWARDS MEMBERS

The steady growth of Emirates Skywards, now the loyalty programme for Emirates and flydubai, over the past 19 years stems from our focus on offering members value, choice, flexibility, and many more ways to earn and redeem rewards. Our members spent their Miles on flights, hotel stays, shopping, dining, humanitarian causes, and lifestyle experiences, including exclusive world-class sports and cultural events sponsored by Emirates.

This year, we offered a true digital inflection with richer, engaging content and hosted the card digitally on the Emirates App, making it eco-friendly and easily available. We rolled out two special-purpose apps to enhance our frequent flyers' destination experience. The Emirates Skywards Go, in partnership with The ENTERTAINER, gives members access to thousands of 2-for-1 dining and leisure experiences in more than 160 destinations. On Emirates Skywards Cabforce, our dedicated app for taxi services, members can earn Miles on rides in over 800 cities worldwide.

Our members enjoyed seamless Wi-Fi connectively inflight, and personalised promotions on emirates.com, which we achieved by leveraging Big Data and predictive data modelling.

1million

TRANSACTIONS ON UPGRADES AND CASH+MILES

We launched an industry first: dynamic, personalised flight upgrades and Cash+Miles offers for members who book via emirates.com.

We introduced 'My Family' to offer family groups the flexibility to consolidate their Miles for quicker rewards. Family members could also adjust their contribution towards the common pot. We also made it easier for members to buy, transfer and extend the validity of Miles online.

We make our programme relevant by tailoring it around the lifestyle and preferences of our diverse membership base. Today, our members can earn and redeem Miles at thousands of hotels and properties worldwide. Our popular Cash+Miles initiative enables members to redeem their desired benefits with just 2,000 Miles in their account. We expanded our members' earning opportunities with the launch of new partnerships with The Dubai Mall, Dubai Islamic Bank, Al Masraf Bank and Noor Bank in the UAE, SABB in Saudi Arabia, and Capital One in the US.

In January, we opened our first-ever Skywards Centre in Emirates Terminal 3, offering members a wide range of support - from enrolment and activation to consultation.

117 MILLION
Miles redeemed daily

400,000
customers used Cash+Miles

23%
of Skywards Miles earned through partners

23% GROWTH
in product and partnership revenue

19 FINANCIAL
partners in 8 countries

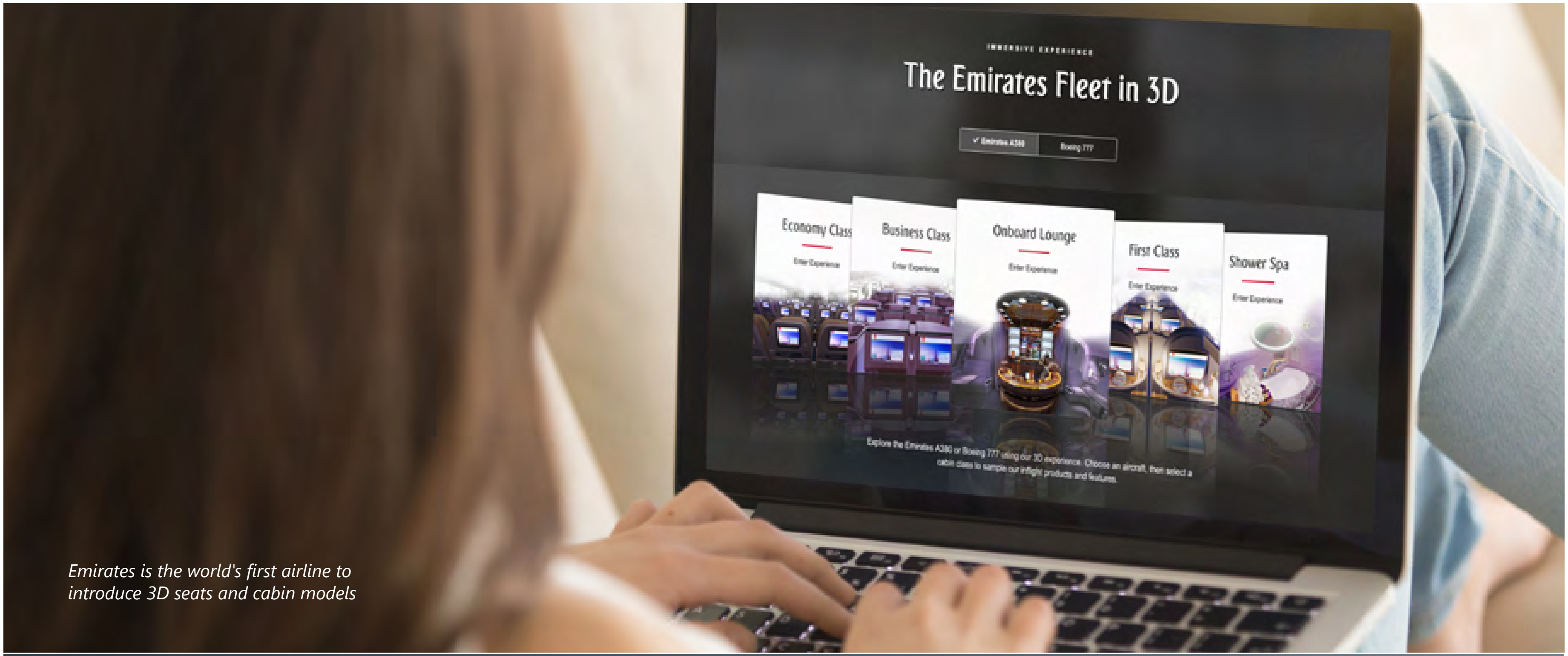
1 MILLION+ MEMBERS
in 6 countries: Germany, UK, US, Australia, India, UAE

AWARDS

19 February

11th Annual Loyalty Awards 2019

- Excellence in Management, second consecutive year



Emirates is the world's first airline to introduce 3D seats and cabin models

ONLINE MARCHES ONWARDS

15 million
DOWNLOADS OF MOBILE APP

In the physical world, we take our customers places, but in the digital space, we go where our customers take us. We make things easy and sync with our customers' choices and preferences, which is why more users are engaging with us through our direct digital channels, both web and mobile, than ever before.

We continued to invest in technology to give our customers a unique blend of the digital and physical worlds, while getting the basics spot on. Travellers can experience our signature services, even before they board our flights. We revamped the Emirates Experience on our website and aligned the booking process across our mobile website and apps, across all devices.

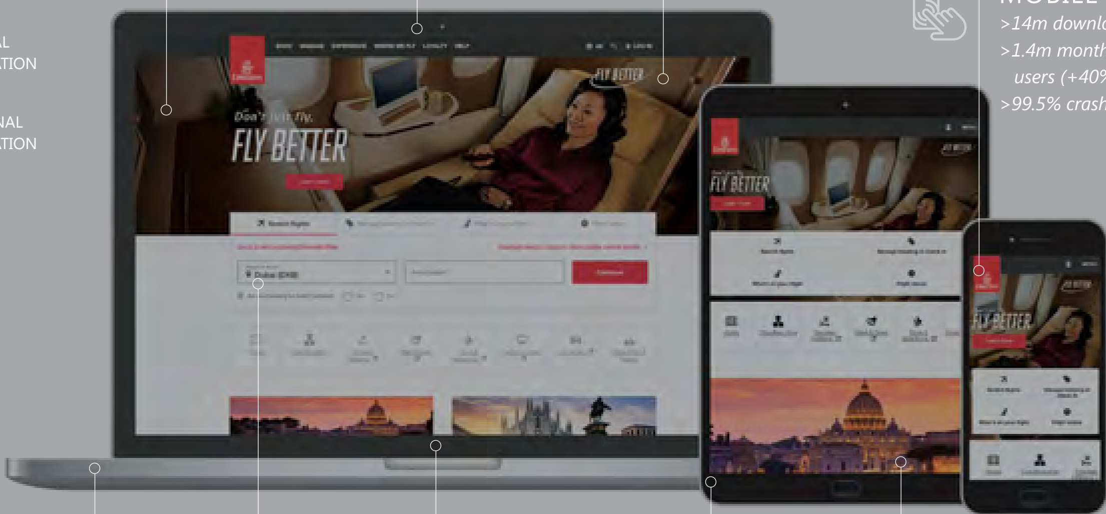
We are the world’s first airline to launch 3D seat models using web-based virtual reality technology, so customers can preview our superior onboard products and select seats.

ONLINE CHECK-IN
43% of all check-ins (>50% is on mobile)

CUSTOMER SATISFACTION
- *Across all digital touchpoints: 4.4/5*
- *Online check-in: 4.6/5*
- *Online booking: 4.4/5*

ONLINE USERS
+14%
>14m monthly active online users

MOBILE APP
>14m downloads (+40%)
>1.4m monthly active users (+40%)
>99.5% crash-free app sessions



APP RATINGS
- *iPhone 4.6/5 (UAE App Store)*
- *Android 4.5/5 (overall Play Store)*

>150,000
live chats per month, (+100%)

ONLINE FLIGHT REVENUE
+10%

EMIRATES.COM AVAILABLE IN 26 LANGUAGES
New languages added: Vietnamese, Hungarian, Norwegian

ONLINE ANCILLARY REVENUE
+28%

345m

PRO-ACTIVE APP NOTIFICATIONS, EMAILS, SMS TO CUSTOMERS

Customers can now browse our app for thousands of movies, music and shows on **ice** and create playlists before they fly. These can then be synced from their devices to the onboard personal seatback screens inflight for a seamless experience.

We enhanced our pre-flight communications and send customers personalised messages which link to 'What's on your flight' on emirates.com. Here, customers can access information on our dining options inflight, lounges, chauffeur drive service, **ice** content and much more for their specific flight.

From boarding gate notifications to baggage tracking, we keep our customers informed via app notifications, email and sms throughout their travel. The popular Livechat feature has continued to grow in demand across our digital channels.

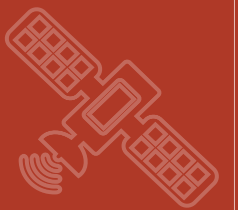
Emirates Skywards members can now choose to be automatically logged-in when coming to our direct digital channels, and enjoy a far more tailored experience. Logged in users on emirates.com have increased by 66% since the launch of this new functionality.

We also continue to support more languages on our website than any other airline, reflecting the needs of our global customer base.

The unmissable Emirates brand revs up the action and takes centre stage at major sporting events

SUPPORTING PEOPLE AND THEIR PASSIONS

OUR BRAND WAS VIEWED



9 billion+

TIMES BY PEOPLE WORLDWIDE WATCHING SPORTING ACTION

The Emirates brand is synonymous with sponsorships, culture and sports – from football, rugby, cricket, tennis and golf to horseracing and Formula 1®. Our sponsorships bring the Emirates brand to life through a global approach and consumer engagement. It creates the perfect platform to link us with people's passions across our network and demographics.

We create exclusive and high-end opportunities, including music and literary events, for our Emirates Skywards members and loyal customers, and help bring some of the biggest sports stars and cultural icons closer to fans and young talent.

One of our longest running partnerships is with Arsenal Football Club and the Emirates Stadium. In March this year, the London-based club made their first visit to Dubai since 1976 to play a friendly match against Dubai's own Al Nasr Club as part of their winter training break. They visited Dubai landmarks and met 60 lucky children from the Arsenal Soccer School.

490 MILLION
TV viewers throughout the F1 season

4TH MOST VISIBLE BRAND
on social media

OUR SOCIAL FAN BASE
10 million on Facebook
4 million on Instagram
1 million on LinkedIn

977 EVENTS
489,678 hours branded TV coverage
US$ 5.7 billion media value

32.7 million

DEDICATED TV AUDIENCE AT THE RYDER CUP IN PARIS

We renewed our partnership for a further five years with Formula 1®, which is a truly global sponsorship that attracts well over 100,000 people for each race and over 490 million TV viewers through the season.

As a partner of the PGA European Tour, Emirates was front and centre at the Ryder Cup in Paris with a dedicated TV audience of 32.7 million and 3,947 hours of broadcast coverage generating over US$ 10 million in media value.

Emirates was a key partner to the Middle East's UAE Tour Cycling Race. As the official airline for the ICC Men's Cricket World Cup 2019, we proudly revealed our themed livery on our A380, bringing the tournament to life, particularly in the nine participating nations that we serve. We also refreshed our Arsenal and Real Madrid themed liveries on our A380s with action images of the clubs' top players.

We are committed to expanding the art and cultural scene in Dubai. We are the title sponsor of the Emirates Airline Festival of Literature, the Middle East's largest celebration of the written and spoken word that brings people of all ages together with international authors to promote education, debate and reading. For the 11th edition of the festival in March, we flew 182 top international authors to Dubai, for a nine-day event embracing more than 220 sessions.

Over the course of 14 years, the Emirates Airline Dubai Jazz Festival has invited hundreds of acts from all over the world – legends, divas, and pop artistes to perform for more than 500,000 fans. Dubai's critically acclaimed two-day music festival RedFestDXB, now in its 6th year, attracted thousands of music lovers and festival goers who danced all night long to some of the world's best artists and DJs.

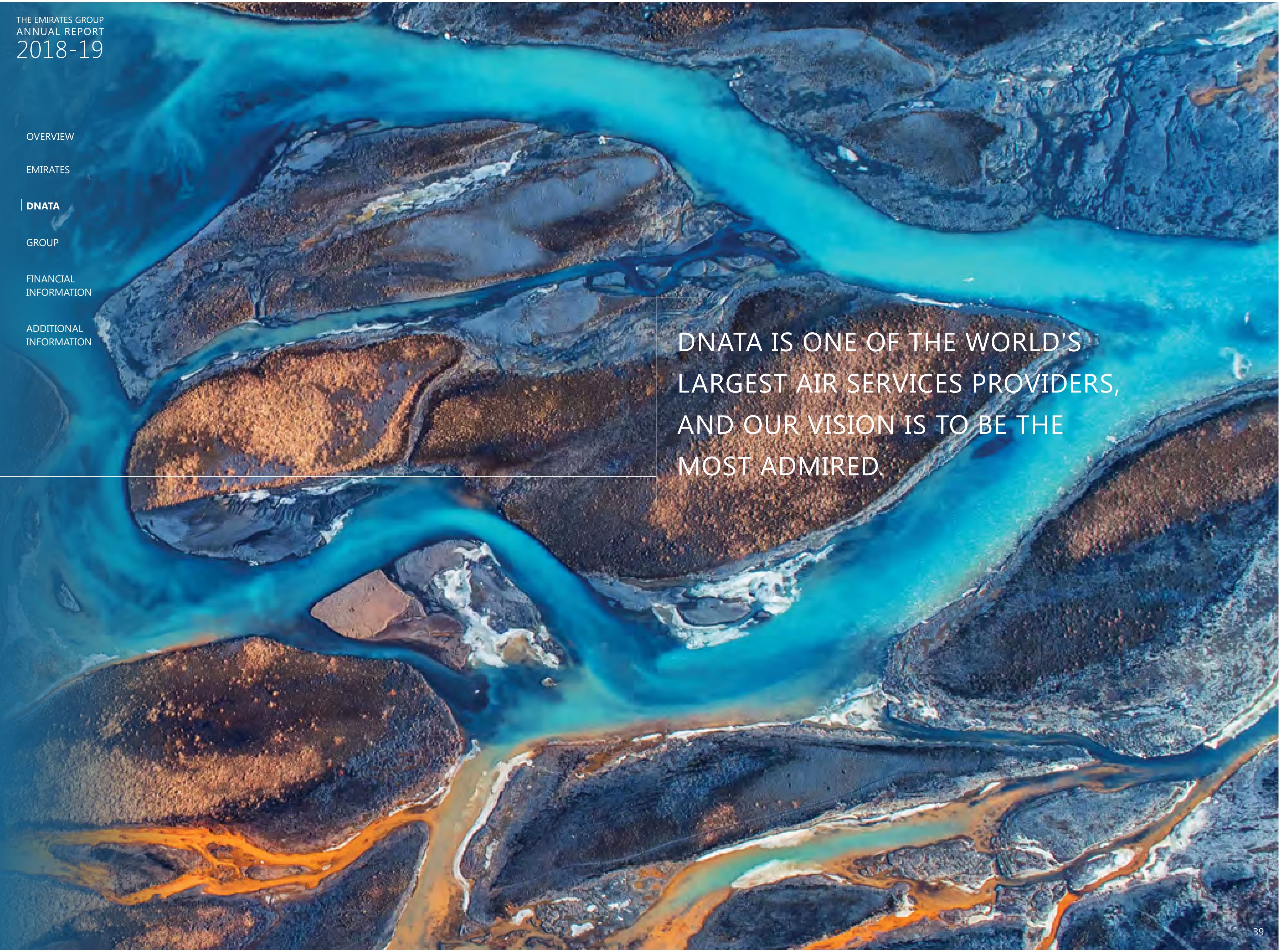
In 2018-19, 9 billion+ people worldwide saw our brand during sporting action, while 977 events generated 489,678 hours of dedicated branded TV broadcast coverage with a media value of US$ 5.7 billion.

While sponsorships is an important pillar of our brand marketing efforts, our focus has always been consumer-centric. We communicate with our diverse audience across geography, gender, age, nationality and culture using data, customer insights and a multi-channel approach to ensure they receive relevant, practical and timely information based on their preferences.

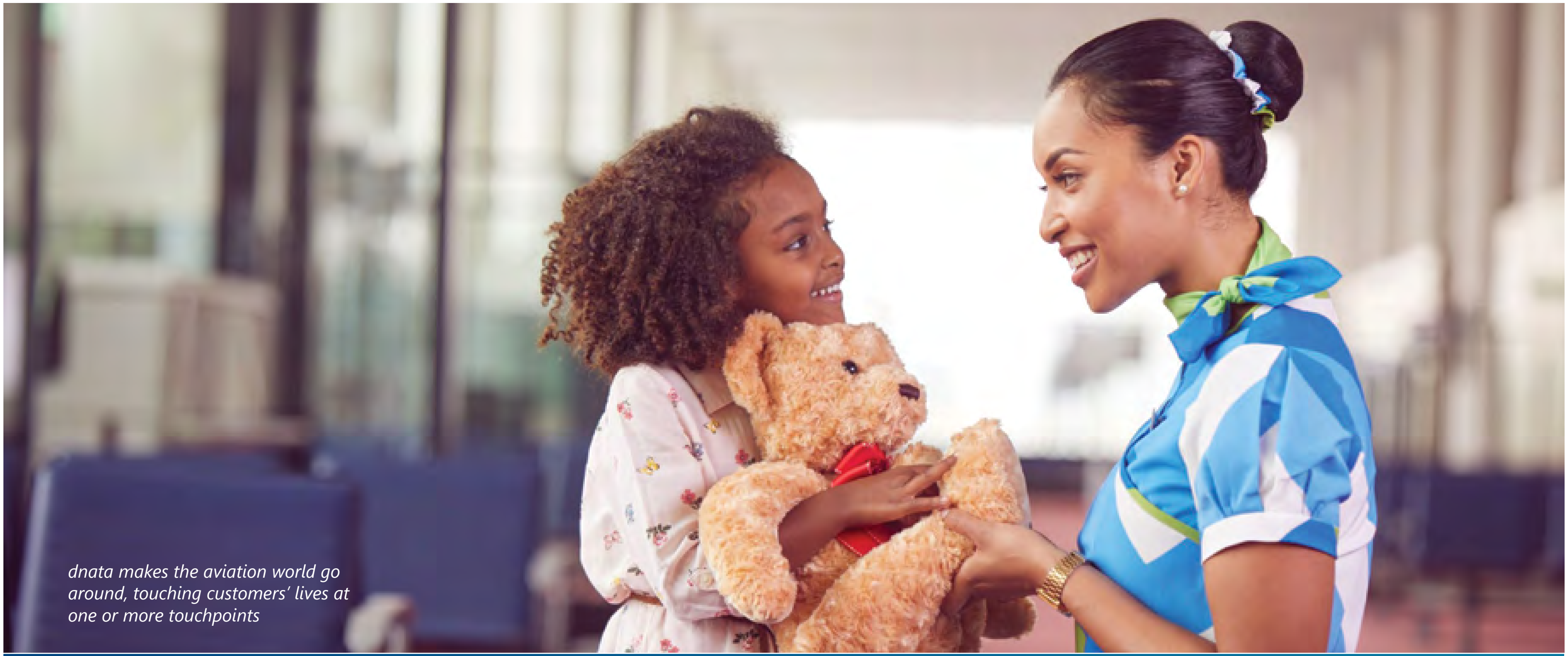
Emirates is now the world's most followed airline on Instagram, LinkedIn and YouTube. We produced well over 300 pieces of content this year, covering everything from the launch of new routes, our vegan meal offering and changing the landing gear on an A380 to marriage proposals inflight. We continued to build awareness and interest in topics relating to our products and services, our people, our sponsorships, our work with partners to progress the aviation industry, and our participation in world events like World Environment Day and International Women's Day.

Some of our content went viral and was picked up by mainstream media worldwide.

dnata



DNATA IS ONE OF THE WORLD'S LARGEST AIR SERVICES PROVIDERS, AND OUR VISION IS TO BE THE MOST ADMIRED.



dnata makes the aviation world go around, touching customers' lives at one or more touchpoints

PRESIDENT'S MESSAGE

320

AIRLINE CUSTOMERS

dnata's global network includes ground handling, cargo, catering and travel. Our 45,000 employees form a chain of customer touchpoints, each contributing to our vision of being the world's most admired air services provider.

As we are conducting safe aircraft turnarounds on the runways of DXB, the world's busiest international airport, we are also serving up authentic, regional cuisine onboard our 13 Chinese airline customers in Australia, shipping supercars to Europe, and booking bucket-list holiday experiences across the world. Day in and day out, dnata provides the support, infrastructure and expertise needed to help the travel and aviation industries operate safely and efficiently.

We never lose sight of the fact that, in many parts of our business, our customers have customers. So our performance is integral not just to our reputation, but also to theirs. Keeping the promises our customers make is our central mission – whether you are a global airline promising your passengers a superior inflight experience or a parent promising your kids an exciting holiday, we are here to help you deliver.

AED 700m

INVESTMENT IN OUR INFRASTRUCTURE, INNOVATIVE TECHNOLOGY AND OUR PEOPLE

While 2018-19 was our most profitable year on record, we benefitted from a significant income boost due to the divestment of our 22% stake in the Hogg Robinson Group. Without this one-time transaction, our profits would actually have fallen by 15%. While that may have been predictable given the many challenges facing our industry in the last year, it is a useful reminder that we need to continuously find better, smarter, safer ways of working.

So, as the next 12 months roll out, we will keep on investing wisely in people and technology, and assessing our processes, our agility and our structure to ensure we are running the business the right way – being fully aware that the concept of 'the right way' may look very different year on year. Despite the challenges, we were still able to grow our revenue by 10% and our cash balance by 4%. We invested AED 700 million back into the business, particularly in Australia, Canada, Ireland, Pakistan, Switzerland, the UAE, the UK and the US. We looked at where we need to restructure to grab opportunities and respond to industry challenges, and in Asia Pacific we now have a regional CEO who oversees operations at 10 airports in Australia, the Philippines and Singapore, managing a total workforce of 6,000 people.

Our consistency in delivering world-class safety and service last year helped us win more than 100 key contracts across our business. It has also cemented our relationships with our current customers and partners – a factor that has in turn led to significant business growth. For example, when British Airways planned to start a service out of Nashville, they turned to us to establish ground handling and catering operations there. We invested in equipment, created 50 new jobs and today serve five flights per day in Nashville, our 14th US location.

The bedrock of our growth strategy is making smart and organic acquisitions. We are not aiming for global domination, or creating the world's largest air services network – we look for opportunities with businesses that are aligned to our values, have strong management teams, good track records on safety and standards, and are willing to work the dnata way. This year we invested more than AED 600 million alone in smart and strategic acquisitions in Australia, Germany, Italy, the US, and the UAE.

Safety and sustainability will remain our top priorities this year. Safety, because we believe that everybody should return safely to their families at the end of their shift. We will not compromise at all when it comes to establishing a safe workplace and safe practices, and making the investments required to make that happen. Sustainability, because the future of the industry, and indeed the world, depends on it. We are making great progress on minimising waste, cutting out single use plastic and reducing energy and water consumption across our facilities. We have also just signed a MoU with the University of Pretoria to support wildlife research and rescue, under the umbrella of our corporate responsibility programme, dnata4good.

We have finished the year in a good position – proud of our growth and achievements, yet armed with a practical to-do list that will keep us on our path of ongoing improvement. Across our employee ranks, we are fortunate to work with people who are passionate about aviation, safety conscious, innovative and service oriented and together, we are looking forward to another great 12 months.

Gary Chapman
President dnata & Group Services

dnata introduced common Safety Performance Indicators across its business for transparency, benchmarking and continuous improvement

SECURING SAFETY GLOBALLY

84

STANDARDS AND GUIDELINES ISSUED

Safety is a fundamental, uncompromising tenet of our business globally, and one of our six organisational values. We promote a safe culture through systemic processes, technology and leadership communications.

We launched our Stop observation programme with a clear message: if you see something, say something. It was designed with simplicity and ease in mind, and proved so successful that we are set to launch a mobile app later in the year. A safety stand down day for forklift activities across our network raised awareness following an incident, and achieved a significant reduction in forklift incidents. Our leadership team raised their visibility at safety tours globally.

45,000
employees can access Safety Hub

43
trained investigators

1,600
Report Only incidents raised

44,839
observations under the STOP programme

IN 2018-19
5,300
ACTIONS WERE UNDERTAKEN AS PART OF THE STOP PROGRAMME

We continued to implement our Integrated Management System and to focus on incident management, reporting of incidents and near misses, investigations, and tracking actions. We trained employees on our Safety Hub to ensure data is accurate, incidents are reported and classified properly, and we learn from our investigations. In November, our new incident classification Report Only on the dnata Safety Hub captured even minor incidents and near misses.

We introduced common Safety Performance Indicators, both leading and lagging, across the business for transparency, benchmarking and continuous improvement. Our agreed risk management framework, coupled with the identification of top 10 risks across our businesses, helped us to prioritise our investments in safety.

Our people, our culture

Our Hearts and Minds programme is all about, and for, our people. We implemented several initiatives to ensure alignment and to reinforce our organisational culture globally.

Our culture surveys continued to be rolled out across the business – the third time for some locations. As of 31 March, 75% of our wholly owned businesses worldwide had participated in the survey, with the rest scheduled to do so this year.

It was a journey of cultural discovery for us worldwide. We took a broad look at the way we do things across our network, with safety permeating everything we do. Some key aspects where we exceeded expectations were: we celebrate our people worldwide; we love the aviation industry, even though we do not fly planes; we know safety is a priority and understand when it is time to speak up.

We have set action plans in all locations that have completed the survey, and in some we have established KPIs to track progress. We continue to implement and embed Just Culture across the business. Just Culture means that our people are not punished for mistakes they make as a result of lack of experience or training, but the organisation will not accept negligence, intentional violations of safety procedures or company policies, or destructive actions.

marhaba welcomed thousands of travellers in Dubai, Melbourne and Karachi, and plans to expand its network further

BEING OUR BEST AT THE WORLD'S BUSIEST

12,000+

EMPLOYEES IN DXB AND DWC

Dubai International (DXB) remained the world's busiest international airport with 88.6 million passengers going through its doors in 2018-19. It made dnata's challenges – space, size, scope, slot and resource constraints – even more acute. We turned to technology, innovative solutions and to our teams to minimise these challenges and continue to offer our exemplary service to both airlines and travellers.

We acquired a majority stake in DUBZ, a baggage technology and logistics company that emerged from Dubai's incubator programme Intelak. Arriving passengers at DXB's terminals 1 and 2 can get their baggage delivered, and those departing can check-in their baggage and receive boarding passes anywhere in the city. It makes travel stress-free for passengers, and minimises the pressure on airlines and the terminals.

DXB

- *542,855 tonnes of cargo handled*
- *200,996 flights handled*

50

Toyota Prius Hybrids as ramp cars

150 ECO-FRIENDLY GROUND SERVICE EQUIPMENT MEANS

80% reduction in carbon footprint
47 tonnes of CO2 saved

DWC

- *184,154 tonnes of cargo handled*
- *9,518 flights handled*

AWARDS

11 October

Aviation Business Awards

- Ground Support Services Provider of the Year, ninth time

IN 2018-19, MARHABA SERVED

365,162

MEET-AND-GREET CUSTOMERS

We strengthened our position in the freight forwarding industry, both regionally and globally, by acquiring more shares to become the owner of Dubai Express, Freightworks LLC and a 51% majority stakeholder of Bolloré Logistics LLC, UAE that operates in 106 countries.

Last year, we focused on realigning our business to address customer demands, both above and below the wing. We launched a hotline for customer feedback and issues management, manned by a team that works collaboratively with key airport stakeholders. Using Net Promoter Score as a key performance measure of our customer relationships helped us foster employee and customer engagement.

Data science is helping our teams review the performance of the business and our employees, and is reducing deviations between planning and execution. We are now researching how we can better move bags around the airport and forecast numbers for special assistance. To optimise our operations of 12,000+ employees at both DXB and DWC, we launched a new cutting-edge resource management system that supports AI, autonomous vehicles, and advanced analytics.

The cargo team invested in technology to achieve a more efficient flow of operations. Our new One Cargo tool, a first for ground handlers, digitised our customers' booking process and service, ensuring a seamless experience at delivery bays. One Cargo connects our global operations on a single technology platform.

We automated our appointment and dock management to unify our engagement with freight forwarders. We have also trialled drones in the warehouse to identify and monitor shipments with 100% accuracy.

Choosing green or hybrid options is a prime consideration in all our Ground Support Equipment (GSE) fleet planning. We replaced the majority of our diesel powered forklifts with electric alternatives, and continued to refurbish our GSE fleet to extend their life-cycles, reduce waste and update them to the latest safety and quality standards.

Extending our warm Arabian hospitality

marhaba, our airport hospitality brand, set out its global ambition with the creation of a design playbook for consistency in our international lounges. An AI component on our marhaba website now empowers our team to deliver faster and swifter responses.

We served the one millionth customer of 2018 in July and celebrated the one-year anniversary of our Karachi and Melbourne lounges. We welcomed 41,300 passengers and served as many world-class meals in our Melbourne lounge through the year. Our new, well-appointed lounge in Singapore T3 is set to open in May 2019, and will be the 10th in our network.

dnata expanded its international airport operations business across the Americas and Europe

AIRPORT OPERATIONS SPANNING THE GLOBE

25
YEARS OF INTERNATIONAL OPERATIONS

dnata's international airport operations evolved through acquisitions, partnerships and organic growth as a result of new contracts, services offered in new airports, and customers expanding their operations. We won over 100 new contracts mainly in key markets, including Australia, Canada, Italy, the US, and the UK, and coupled it with solid customer retention.

We built tailor-made cargo solutions across new facilities in Dallas, London Heathrow, Adelaide and Karachi, and implemented bespoke refurbishments in Singapore and Amsterdam. We invested at London Gatwick and Manchester to meet our customers' growth, and opened new cargo facilities in Islamabad and Multan airports.

This year, we will start building dnata City East, a new bespoke facility in London Heathrow, that will give airlines access to industry leading technology and additional warehouse space at the UK's busiest airport.

488,225 AIRCRAFT
handled, up 9%

2.4 MILLION
tonnes of cargo handled, up 1%

95 AIRPORTS SERVED
in 15 countries

USA – A KEY MARKET
- *US$ 35 million invested since 2016*
- *45 new contracts in 2018-19*
- *60 airlines*
- *20 airports*
- *3,190 employees*

3 AIRPORTS ADDED
- *Brussels: EUR 8 million investment*
- *Los Angeles: US$ 8 million investment*
- *Nashville: US$ 1.4 million investment*

AWARDS

29 April

2019 Air Cargo News Awards
- Ground Handler of the Year, for the fifth consecutive time

14,000 m^2

NEW CARGO CENTRE AT BRUSSELS AIRPORT

It will expand our capacity at Heathrow across eight facilities and build on the multi-million pound investments at the airport in the last five years.

At Manchester Airport, our second biggest operation after Heathrow, we are working on a project to develop the new dnata City North cargo complex.

Our significant investments in our pharma facilities mean that we offer more handling capability than any other company in the UK, the Netherlands, Australia and Singapore. A planned EUR 8 million investment in building a 14,000 m^2 cargo centre at Brussels Airport announced our arrival in Belgium. It proved to be a major capacity boost in the Benelux states for our customers.

In Italy, we increased our share in Airport Handling SPA, a Milan-based ground handler, to 70%. We added four new customer airlines in Amsterdam. At Zurich Airport, we were re-awarded the ground and cargo handling licence through to 2025, allowing us to serve our customers without interruptions.

In North America, we launched ground and cargo handling at Los Angeles, began passenger services at New York JFK, and more than doubled our operations at Toronto, where we began handling for Air Transat. We opened an innovative cool-chain perishable cargo facility in Dallas and employed experts skilled in maintaining temperature integrity during the entire air transport journey.

Gerry's dnata in Pakistan celebrated its silver anniversary on 1 July, marking 25 years of our international operations. We are now the country's largest cargo and ground handling business, operating at seven major airports. We invested in a new state-of-the-art import cargo facility that contains the first automated storage and retrieval system in Pakistan.

Industry certifications underline corporate compliance and excellence. Our ability to provide safe and reliable pharma handling services globally was recognised with IATA's CIEV* Pharma certification in Dubai and Toronto, and GDP** certification in London and Zurich.

We received ISAGO*** Station Accreditations at Manila, Cebu and Clark airports in the Philippines following successful audits. Gerry's dnata became the first ground services provider to achieve ISAGO registration in Pakistan.

Our new global cargo management system One Cargo is set to automate our key business and operational functions, including ULD management, quality monitoring and mail management, through real-time info. By 2020, more than 5,000 employees across 27 stations in 10 countries, from the US to Australia, will use One Cargo.

* *Center of Excellence for Independent Validators in Pharmaceutical Logistics*
** *Good Distribution Practice*
*** *IATA Safety Audit for Ground Operations*

dnata Catering diversified and expanded its business globally

SPICING UP THE WORLD OF CATERING

70.9

MILLION MEALS UPLIFTED

As one of the world's leading airline caterers, we extended our global footprint through strategic acquisitions and new facilities in Australia and North America. New and expanded partnerships, increased capacity and performance, particularly in the UAE, Romania, Czech Republic and Italy, led to significant revenue growth.

We enhanced our operations across the globe, following expanded partnerships with American Airlines, British Airways, Etihad, and other key customers. On the inflight retail front, which includes food, beverage and duty-free, we partnered with new customers and extended existing relationships in Australia and Czech Republic.

60 LOCATIONS
12 countries

110 CUSTOMER
airlines

2 NEW ACQUISITIONS
- *Qantas Catering*
- *121 Inflight Catering*

7,000+
employees

600 CHEFS

40+RESTAURANTS
cafes, bars and lounges

AUSTRALIA IS OUR BIGGEST MARKET
45 airlines
9 airports
15 facilities

AWARDS

9 April
PAX International
- Airline Caterer of the Year, North America, 2019

OUR CANBERRA FACILITY HAS THE CAPACITY TO PRODUCE MORE THAN

60,000

MEALS A MONTH

We also invested in our crew incentive and engagement programme, point-of-sale technology, and sustainable packaging and product design. In the UAE, we saw strong performance at our Sharjah kitchen, delivering significant improvement for our flagship inflight retail customer Air Arabia.

In Australia, we doubled the size of our operations by acquiring Qantas' catering businesses - Q Catering and Snap Fresh. The acquisition added nearly 2,000 employees and combined our global network strength with Qantas' domestic catering expertise. We inaugurated a 2,000 m^2 state-of-the-art catering facility in Canberra with an investment of AU$ 6.5 million and capacity to produce more than 60,000 meals a month for commercial and charter airlines.

In North America, we laid a strong foundation for our regional expansion strategy. We launched operations in New York and Nashville, through the acquisition of 121 Inflight Catering, a leading airline and VIP caterer. We will commence operations in purpose-built facilities in Boston, Houston and Vancouver in the first quarter of the new financial year, with more facilities being built across the US.

We operate more than 40 F&B outlets and lounges in Australia, the UAE, the US, Jordan, Bulgaria and Romania. We expanded our F&B operations in Romania and in the US, where we now operate two off-airport restaurants. Our relationships with global restaurant and café brands include illy, Brioche Dorée and Burger King. As a leader in VIP catering, we are the preferred partner for many operators and charters worldwide.

With such massive production schedules, consistency is key to maintaining world-class quality standards and customer service. We achieved this by rolling out an impactful employee initiative called '5 Winning Ways', developed in-house.

Our highly experienced chefs have served in the world's leading hotels and restaurants and, together with skilled teams, deliver authentic international and ethnic cuisine that invoke genuine emotion and leave a lasting impression.

dnata's Travel division made strategic acquisitions to gear up for the future of travel

TRAVEL EXPANDS ITS HORIZONS

AED
11.5bn
TOTAL TRANSACTION VALUE FOR THE FIRST TIME

Our Travel division had a busy year across its diverse portfolio of leading travel brands, which offer seamless and holistic experiences to individuals, corporates and the travel trade. We overcame tough trading conditions and operating challenges, and we diversified globally.

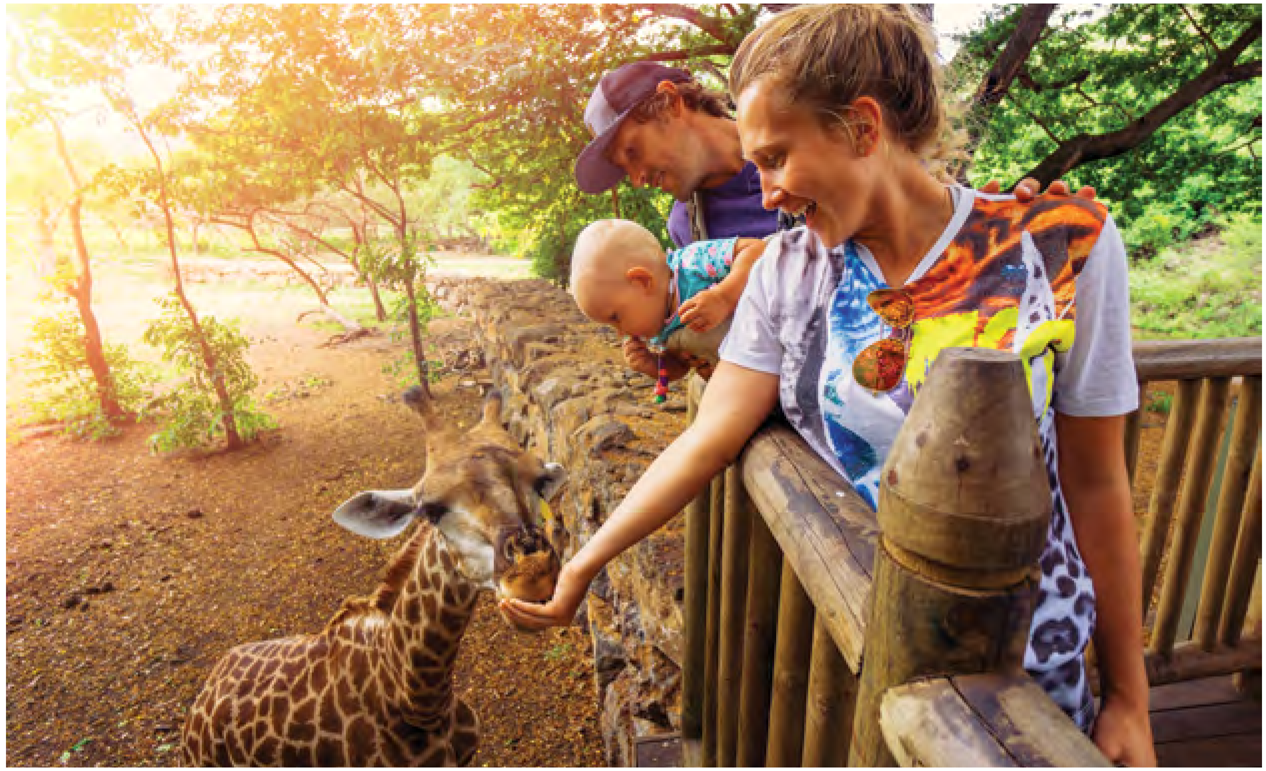
We announced our arrival in Germany with the acquisition of Tropo, a dynamic tour operator selling through online travel agents (OTAs) and more than 7,000 independent travel agencies. This expanded our travel network in Europe, and created further synergies with our other travel businesses.

We signalled our commitment to innovation when we acquired a majority stake in BD4travel (Big Data for travel), an award-winning tech company, which provides AI driven IT solutions in the travel sector. BD4travel worked with Travel Republic on several initiatives and introduced a recommender widget to help customers find the right holiday online. This increased conversion rates by over 2% pts, and average booking value by 15%.

EMIRATES HOLIDAYS OPERATES IN

40

MARKETS GLOBALLY



Our contact centre operations grew significantly. We completed the construction of our second contact centre facility in Clark, Philippines and the purchase of a facility in Belgrade, Serbia. We increased the scale of our operations for the Group's medical services team, and signed a five-year agreement with Etihad Airways to run its contact centre operations globally. We continued to serve our travel brands with our 2,500 strong team, now based across 14 locations in the UAE, Serbia, the Philippines, India and the UK.

The e-commerce unit and the call centres continued to deliver, and the business grew four times bigger than it was just two years ago.

Our bed-bank Yalago completed its first full year of trading, offering competitive rates to travel brands via a portal or API connection. Featuring direct contracts in 600 destinations across 90 countries, the Yalago team helped us hit the milestone of delivering over 1,000 3rd party bookings in one day.

Emirates Holidays now operates in almost 40 source markets globally and continues to strengthen its position as the airline's leisure-focused tour operator. Over the past three years, we have witnessed strong growth year-on-year, achieving an overall 34% uptick last year and a sturdy show in all our key markets. As the largest source market, the UK experienced the greatest growth at 56%, while the UAE, our second largest, grew at 27%.

Our focussed strategy to be the largest operator for destination Dubai successfully increased tourist numbers by 32%, with the city's overall contribution rising to 59% in the destination mix. We launched services in new high-potential and strategic growth markets, Ireland and China, and ramped up business operations in the US. This year, we will add Scandinavia to our network.

Our Dubai-based B2C dnata Travel sustained its growth and bucked market trends. The retail arm increased its contribution and expanded its footprint, proving its resilience and value.

We recently launched Rehlaty, extending our brand family in the UAE. Created by a team of travel loving Emiratis, Rehlaty – which means journey – specifically serves the needs of Emiratis with customised packages and recommendations based on first-hand travel experiences.

We have entered a strategic partnership with Dubai's Department of Tourism and Commerce Marketing to deliver a B2B marketplace for Dubai tours and attractions. The platform will connect Dubai attractions with international resellers, offering greater distribution capability and access to new markets.

Sustainability is a hot topic across our businesses, particularly at Arabian Adventures and Destination Asia, which are running initiatives to reduce the impact of travel on the environment. As an example, Arabian Adventures reduced single plastic use by 77% and Destination Asia saved 28,000 plastic bottles from going to landfill last year.

AWARDS

ARABIAN ADVENTURES

- TripAdvisor Certificate of Excellence

DESTINATION ASIA

8 MAY
- Singapore Tourism Awards 2018
- Best Meetings/Incentive Organiser

GOLD MEDAL UK

17 JANUARY
TRAVEL WEEKLY GLOBE TRAVEL AWARDS
- Best Long Haul Tour Operator
- Best Consolidator

TRAVEL 2

24 MARCH
TTNG CONFERENCE 2019
- Long haul Operator

5 OCTOBER
ADVANTAGE TRAVEL PARTNERSHIP AWARDS 2018
- Leisure Partner of the Year 2018

17 SEPTEMBER
TTG AWARDS 2018
- Supplier Sales Team of the Year

1 NOVEMBER
SPAA AWARDS 2018
- Independent Long Haul Tour Operator of the Year 2018
- Consolidator of the Year 2018

19 OCTOBER
NORTHERN IRELAND TRAVEL AWARDS 2018
- Best Worldwide Tour Operator 2018

10 SEPTEMBER
TRAVEL BULLETIN STAR AWARDS 2018
- Star Agent Friendly Operator
- Star Long Haul Operator

GOLD MEDAL AND TRAVEL 2

17 SEPTEMBER
TTG TRAVEL AWARDS
- Supplier Sales Team of the Year

10 SEPTEMBER
TRAVEL BULLETIN STAR AWARDS
- Star Agent Friendly Operator

TROPO

28 JANUARY
DISQ (GERMAN INSTITUTE FOR SERVICE QUALITY)
- Best Travel Website in Germany

IMAGINE CRUISING

10 DECEMBER
CLIA AWARDS 2018
- Innovation Award

19 NOVEMBER
TRAVOLUTION AWARD 2018
- Best for Cruising

24 JANUARY
UK CRUISE AWARDS 2019
- Princess Cruises - Partnership Development Award
- Cunard highly commended outstanding contribution

BD4TRAVEL

17 JANUARY
TRAVEL WEEKLY GLOBE TRAVEL AWARDS 2019
- Innovation in Travel

BD4TRAVEL & TRAVEL REPUBLIC

24 JANUARY
TRAVOLUTION AWARDS 2018
- Best Technological Innovation

TRAVELBAG

28 NOVEMBER
BRITISH TRAVEL AWARDS 2018
- Best Large Company to Australasia
- Best Large Company to Southeast Asia
- Best Large Company to USA, Bronze
- Best Large Company to Middle East, Bronze
- Best Large Company to Indian Ocean, Bronze

NETFLIGHTS

FEEFO
- Gold Trusted Service Award 2019

EMIRATES HOLIDAYS

28 NOVEMBER
BRITISH TRAVEL AWARDS
- Best Holiday Company to the Middle East 2018 – Overall Winner
- Best Luxury Holiday Company 2018 – Overall Winner
- Best Holiday Company to Southern Asia – Overall Winner
- Best Holiday Company to Southeast Asia – Overall Winner
- Best Holiday Company to Australasia – Overall Winner
- Best Family Holiday Company 2018 Winner – Medium
- Best All-inclusive Holiday Company 2018 Winner – Silver
- Best Holiday Company to the Indian Ocean 2018 Winner – Silver

TRAVEL REPUBLIC

24 JANUARY
TRAVOLUTION
- Best for Holidays

DNATA TRAVEL

27 FEBRUARY
CONDÉ NAST TRAVELLER MIDDLE EAST
- Favourite Travel Agent

25 APRIL 2019
WORLD TRAVEL AWARDS
- UAE's Leading Travel Agency 2019
- Abu Dhabi's Leading Travel Agency 2019

DNATA AIRLINE SERVICES

25 APRIL
WORLD TRAVEL AWARDS
- Middle East's Leading Airline GSA 2019

DNATA CORPORATE TRAVEL

25 APRIL
WORLD TRAVEL AWARDS
- Middle East's Leading Corporate Travel Company 2019

THE EMIRATES GROUP

Our passion for our planet

SUSTAINABILITY AND THE FUTURE OF THE PLANET ARE GLOBAL ISSUES CLOSE TO OUR HEARTS, AND WE ARE ACUTELY CONSCIOUS OF OUR POSITION TO INFLUENCE STAKEHOLDERS AND CHAMPION ADVOCACY.

WE ARE PASSIONATE ABOUT PROTECTING WILDLIFE

5

A380s FEATURE ANIMALS THREATENED BY POACHING

Emirates is committed to using its global brand power to uphold world agreements, be vigilant during cargo acceptance, and to raise awareness and direct funds into conservation. We have zero tolerance on carrying banned species, hunting trophies or any products associated with illegal wildlife activities.

Our ground handling colleagues are trained in IATA's Live Animal Regulations and our internal policies on carrying wildlife. Our frontline employees are trained to recognise and report suspicious cargo. We have established a dedicated reporting channel to empower our people and partners to stop illegal trade by flagging confidential information that can protect endangered species. We have rolled out poster campaigns across the organisation to create awareness.

THERE ARE

7,000

ENDANGERED SPECIES
IN THE WILD TODAY

Five of our A380s feature animals threatened by poaching, helping to raise awareness among the millions of passengers we carry every year across our network. We engage our customers in the discussion by regularly featuring interviews, wildlife programmes and films on **ice**, our inflight entertainment system, and articles in Open Skies, our inflight magazine.

Safeguarding wildlife is at the heart of our global dnata4good community, which actively engages and supports wildlife conservation and nature campaigns to protect biodiversity and maintain balanced ecosystems.

Recently, dnata signed an MOU with the University of Pretoria, South Africa to support its wildlife research and rehabilitation projects. We will collaborate with the university on:

- Education: strengthen and enhance research, veterinary training and awareness.
- Employee engagement: increase volunteer opportunities, including fundraising and treks, to bridge the gap between donations and impact.
- Rescue and rehabilitation: provide care for injured animals and rehabilitate them into the wild.

KEY MILESTONES

2015

- *Became a partner of ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species) to combat illegal wildlife trafficking.*
- *Announced support for United for Wildlife with a wildlife decal on two A380s, and introduced a ban on carrying hunting trophies made from elephant, lion, tiger and rhino.*

2016

Became a founding signatory of the 2016 Buckingham Palace Declaration. A 1:3 scale model of our A380 with the special wildlife decal was installed at London Heathrow Airport. Three more A380s with the wildlife decal took to the skies.

2018

Signed the Buenos Aires Declaration on Travel and Tourism and Illegal Wildlife Trade.

Since it was established in 2003, the DDCR has climbed great heights in wildlife conservation and research

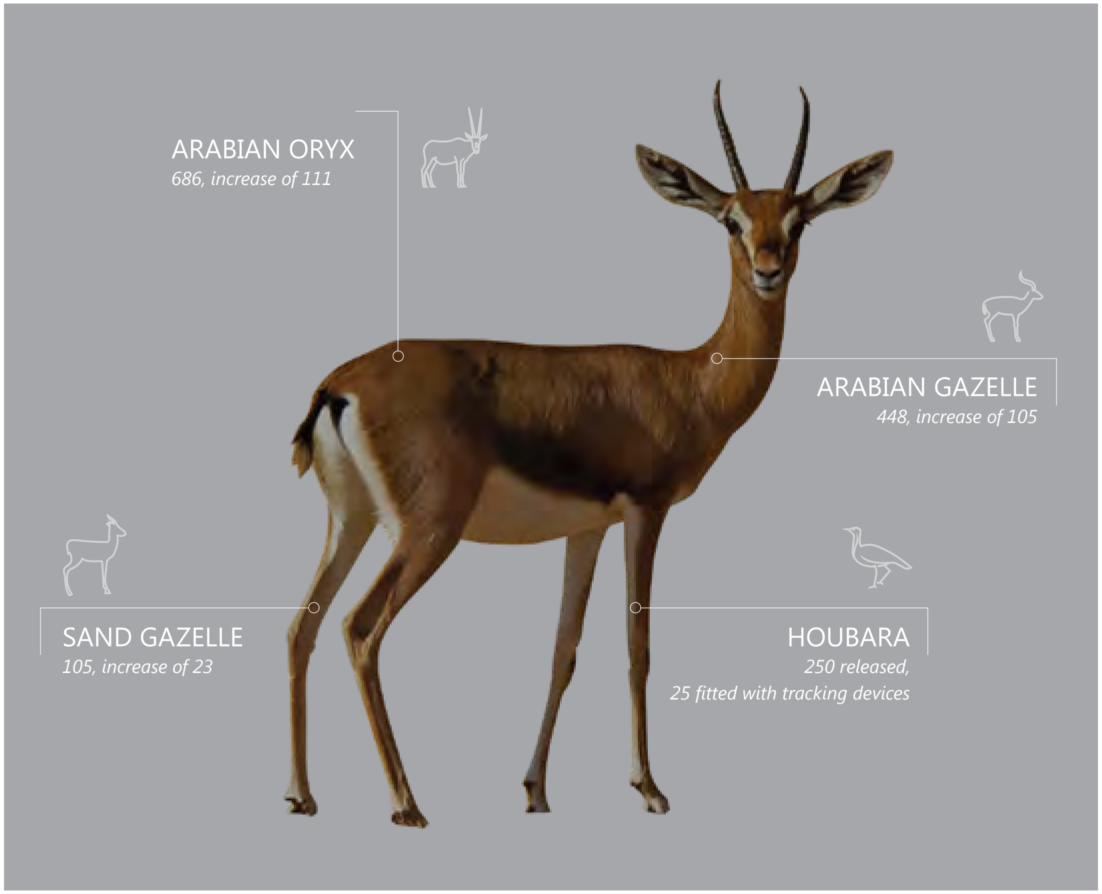
WILDLIFE CONSERVATION

Dubai Desert Conservation Reserve (DDCR)

285,000

VISITORS TO DDCR

The DDCR is fully funded and sponsored by Emirates. In 2018, the reserve was accepted as a candidate for the IUCN Green List for Protected and Conserved Areas, a global standard for the world's most effectively managed of protected areas. DDCR promotes local sustainable tourism and hosted 285,000 tourists last year, making it one of the most visited of protected areas in the region.



WE COMPLETED

10

MAJOR RESEARCH PROJECTS ON ANIMALS, VEGETATION AND THE DESERT ECOSYSTEM

Our programme to re-introduce antelopes has been so successful that we are now looking at relocating oryx and gazelle to other protected areas within the region. We continued our collaboration with the National Avian Research Centre to release the endangered Macqueen's Bustard, locally called Houbara.

The DDCR is a regional leader in ecological research, actively collaborating with local and international universities. We completed 10 major research projects on animals, vegetation and the desert ecosystem, hosted students and offered summer internships.

Volunteers at the annual citizen science programme with Biosphere Expedition helped collect valuable scientific data.

Emirates One&Only Wolgan Valley, Australia

We have been helping protect Australia's extraordinary flora and fauna for over 10 years through the conservation-based resort in New South Wales. Last year, our focus was on water conservation, reducing plastic usage, restoration of the Wolgan River, feral animal control, weed management and fundraising to support wombats.

Rainwater and the pristine Carne Creek's water are carbon and UV filtered at the resort's onsite plant for use across the resort in reusable glass bottles. We installed three outdoor water stations to encourage the use of refillable bottles among guests and colleagues.

We recorded sightings of around 25 species, listed as vulnerable or interesting and uncommon, and continued to support various Western Sydney University research projects.

As one of the largest entities in aviation, the Emirates Group recognises its role in preserving this beautiful planet for future generations

PRESERVING OUR PLANET

US$40m

INVESTMENT IN BUILDING THE WORLD'S LARGEST VERTICAL FARMING FACILITY

As a leader in the aviation and travel industries, the Emirates Group recognises that environmental responsibility is core to our long-term business success. We are committed to minimising the environmental impact of our operations across all our businesses and activities, including our supply chain. Our environmental policy articulates this positioning for all employees and stakeholders across the Group.

Though we have a significant and positive impact on economies globally, our fuel consumption has an environmental impact. We minimise that impact by investing in a multi-billion dollar fleet that is one of the youngest in the skies and sports state-of-the-art technology, reducing fuel use, noise and emissions. Working with air traffic management providers, aviation authorities and airports, we establish fuel-saving routes and flight procedures.

Last year, we created a permanent Operations Efficiency Steering Group that set stakeholder targets and implemented several initiatives, including the monitoring, reporting and verification of fuel-saving initiatives. We leveraged data and analytics to optimise fuel quantities on every flight.

From 1 September to 31 March, we reduced our fuel consumption by 26,000 tonnes, which in turn reduced carbon emissions by 82,200 tonnes and saved costs worth around AED 68 million.

We support the introduction of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) through the International Civil Aviation Organization (ICAO) and have been monitoring our carbon emissions since January. From 2020, we will begin reporting these to the UAE authorities.

We encourage, and are eagerly awaiting, the development of a viable supply chain for sustainable aviation fuel. Our flight crew reduce noise by flying noise abatement routes, where practical. We switch off aircraft auxiliary power units where ground power and pre-conditioned air are available. Our teams have installed equipment to increase energy and water efficiency in our facilities. Emirates Engineering uses dry washing techniques to clean aircraft and have installed solar arrays to generate electricity in our facilities.

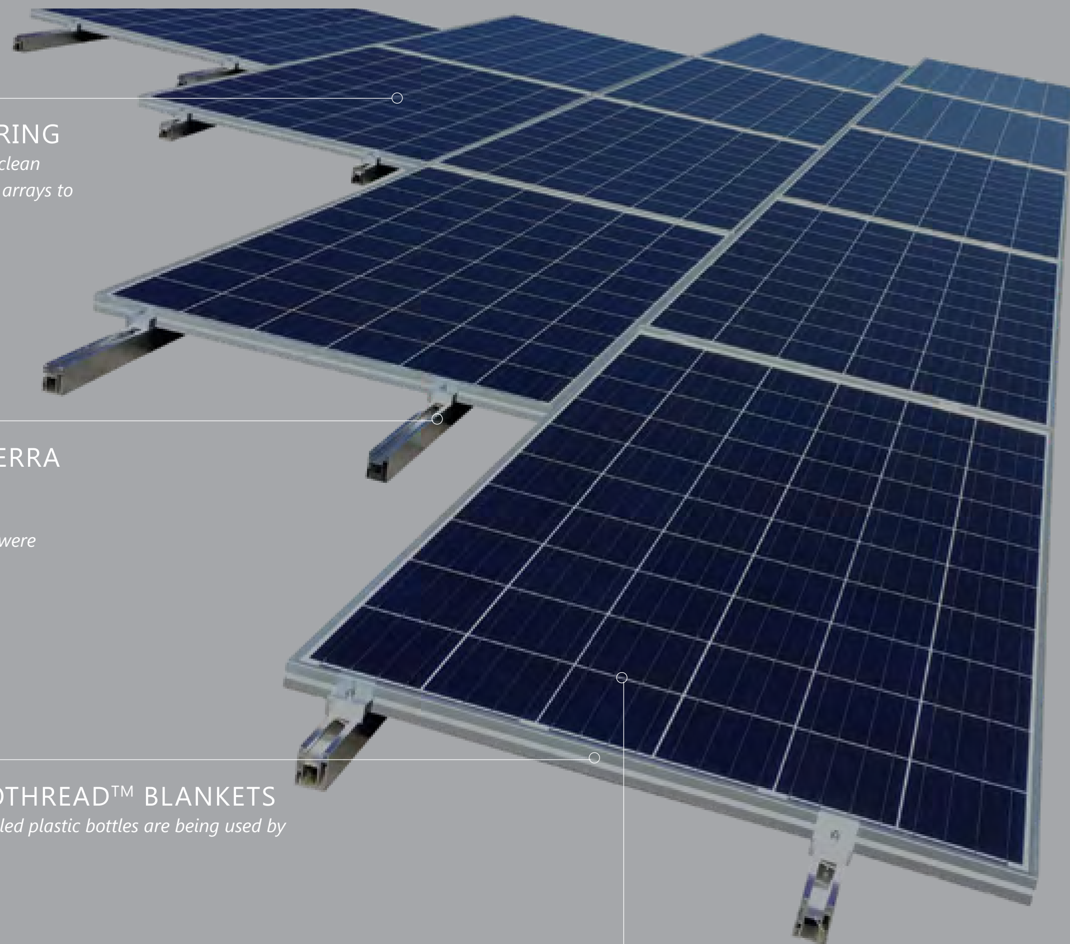
SINCE SEPTEMBER 2018

82,200

TONNES OF REDUCED CARBON EMISSIONS FROM NEW OPERATIONS EFFICIENCY INITIATIVES

Emirates Flight Catering and US-based Crop One Holdings, an industry leader, are co-investing US$ 40 million to build the world's largest vertical farming facility near DWC. When complete, it will cover 130,000 sq.ft, but with production matching 900 acres of farmland.

The facility will have the capacity to harvest 2,700 kg of high-quality, herbicide- and pesticide-free leafy greens daily, using 99% less water than outdoor fields. The first products are expected to be delivered to Emirates Flight Catering's customers from December 2019.



EMIRATES ENGINEERING

uses dry washing techniques to clean aircraft and have installed solar arrays to generate electricity

AT DNATA'S BRISBANE, CANBERRA AND ADELAIDE

catering sites, bio-digesters diverted more than 72 tonnes of food waste from landfill since they were installed in July 2018

MORE ECOTHREAD™ BLANKETS

made from recycled plastic bottles are being used by Emirates inflight

IN AUSTRALIA

- *dnata donates around 1.5 tonnes of food every month, providing 6,000 meals for the vulnerable*
- *Menus on iPads save paper and AU$ 250,000 every year*

To promote the use of indigenous vegetation in landscaping, we plant ghafs, the UAE's national tree that is perfectly adapted to desert conditions, in the sites and facilities managed by us. We refurbish and repurpose equipment to reduce waste and we recycle from our offices and operational facilities. We are designing solutions to reduce single-use plastic items and other waste onboard, and are using more sustainable products such as our ecoThread™ blankets, which are made from recycled plastic bottles.

In dnata, we developed a set of environmental standards, covering key aspects of our operations including waste management, energy efficiency, water and wastewater management. These standards form part of the dnata Integrated Management System.

dnata Cargo launched a project to reuse polythene sheeting in operations as part of the Lean Six Sigma Green Belt programme, which resulted in a significant reduction in resource consumption, cost and landfill waste.

Around one-third of all food grown in the world goes to waste and landfills. dnata Catering's core commitment is to reduce that and carbon emissions, and develop sustainable products and packaging. Bio-digesters at our Brisbane, Canberra and Adelaide catering sites have diverted more than 72 tonnes of food waste from landfill since we installed them in July 2018. This has prevented more than 300 tonnes of carbon emissions and the disposal of 150 plastic bin liners every day. Our UK-based En Route creates fibre-based food packaging using waste materials from sugar processing.

In Australia, we are reviewing food and beverages coming off meal trays on inbound flights to identify items that can be recovered – like unopened bottles and pots of jam. Where liquid wastes have been segregated on board, we dispose them through our on-site treatment systems. Optimised production processes are reducing waste per meal served.

In a number of operations, we support charities and reduce our food waste through donations. For example, in Australia, we donate around 1.5 tonnes of food every month, which provides 6,000 meals for vulnerable people. We have also designed an iPad app for our kitchens to review airline menus. This has dramatically reduced paper wastage and saves us around AU$ 250,000 per year.

We recycle packaging materials and waste cooking oil across our operations. Where energy recovery from waste is an available option, like in our Dublin operations, we opt for this over landfill disposal of residual waste. We are enhancing our systems for measuring, monitoring and tracking our waste generation, and aim to set targets in the coming year.

The Emirates Airline Foundation takes impoverished children under its wings

SUPPORTING COMMUNITIES AROUND OUR NETWORK

31

PROJECTS WE SUPPORT AROUND THE WORLD

The Emirates Airline Foundation, set up in 2003, aims to improve the quality of life for children, regardless of geographical, political, or religious boundaries. The foundation focuses on children trapped in extreme poverty. It provides food, medicine, housing and education, and strives to reduce illness and childhood mortality rates.

With four new ones – in Pakistan, Kenya, Tanzania and Nigeria – we now support 31 projects around the world. We channel funds and Skywards Miles donated by our customers to support these projects and to fly doctors, engineers and other professionals on humanitarian missions worldwide.

The Emirates Airline Foundation

PROJECTS NETWORK

ASIA

BANGLADESH
1 The Emirates-Friendship Hospital Ship

INDIA
2 The Emirates-CHES Home
3 IIMPACT Girls Education Project
4 Emirates AIM for SEVA Student Home for Girls
5 Lifeline Express Hospital Train

SRI LANKA
6 The Lady Ridgeway Hospital for Children
7 Prithipura Communities

PHILIPPINES
8 Virlanie Foundation

PAKISTAN
9 Roshni Homes Trust

MIDDLE EAST

JORDAN
10 Kharja Charitable Society

DUBAI, UAE
11 Al Noor Training Centre for Children with Special Needs
12 Safe Centre for Autism and Asperger's Syndrome
13 Rashid Centre for The Determined Ones

AFRICA

MOROCCO
14 Shams Al Maarif Society

KENYA
15 Little Prince Nursery and School
16 Havilla Children's Centre
17 Alfajiri Street Kids
18 Starehe Boys Centre

ETHIOPIA
19 Kidane Mehret Children's Home
20 Kidane Mehret School

ZIMBABWE
21 St Marcellin's Children's Village
22 Water for Prosperity

UGANDA
23 Outreach to Africa

SOUTH AFRICA
24 Singakwenza
25 Fikelela Children's Centre

TANZANIA
26 CDTF Albino Project
27 Aljeco Home Organisation

NIGERIA
28 Festival Road Primary School

SOUTH AMERICA

BRAZIL
29 Santa Rita de Cássia Orphanage
30 Externato São Francisco de Assis Day Care Centre

EUROPE

FRANCE
31 HumaniTerra International

LAST YEAR, WE DONATED

127m

SKYWARDS MILES TO FLY 35 NGOS TO 23 COUNTRIES ON OUR PROJECTS WORLDWIDE

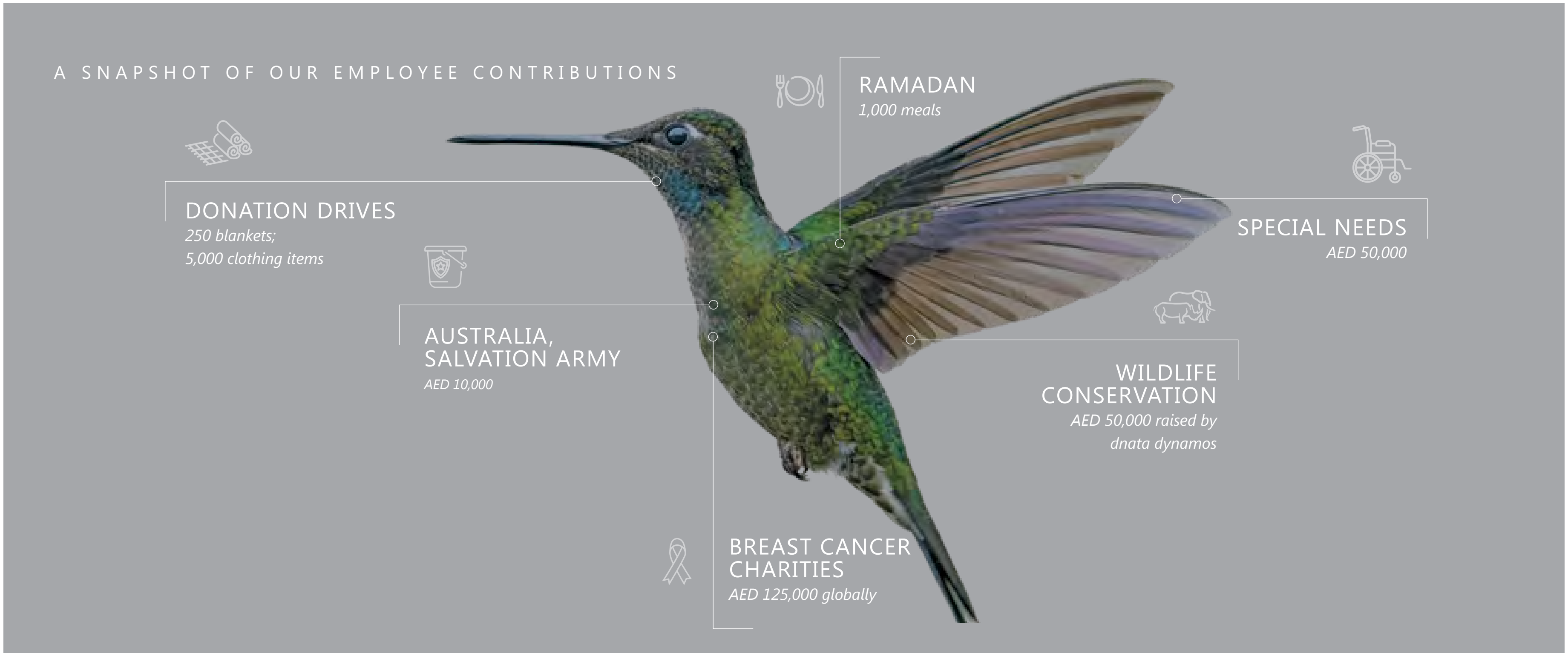
The Emirates Friendship Hospital Ship provides vital medical assistance to more than two million people living in communities isolated by the annual monsoon flooding in the most deprived region of Bangladesh. The Foundation funds a full-time team of doctors, nurses and support staff, plus annual operating expenses, and has served over 600,000 patients to-date.

Outreach to Africa (OTA) is a Uganda-based NGO and a partner of the foundation since 2010. We agreed to fund the Emirates Airline Foundation Campus at OTA's Paul Devlin Academy. The school, with a capacity to house and educate 900 students, includes dormitories, a dining hall, a library, staff housing, an infirmary, and sports fields.

The Emirates-CHES Home takes care of HIV positive children abandoned on the streets of Chennai. Complete with dormitories, a medical centre, play area and swimming pool, its home to more than 100 destitute children infected with the virus.

Lifeline Express in India is a hospital train that reaches patients in the remotest parts of the country, where there is no medical facility available. We have sponsored nine projects so far, which have benefited over 50,000 people, and committed to more this year.

Dubai Safe Centre for Autism and Asperger's Syndrome in the UAE has constructed a new building funded by the foundation. The state-of-the-art 20,000 sq.ft. facility has more than tripled the centre's capacity from just over 40 to 140 children.

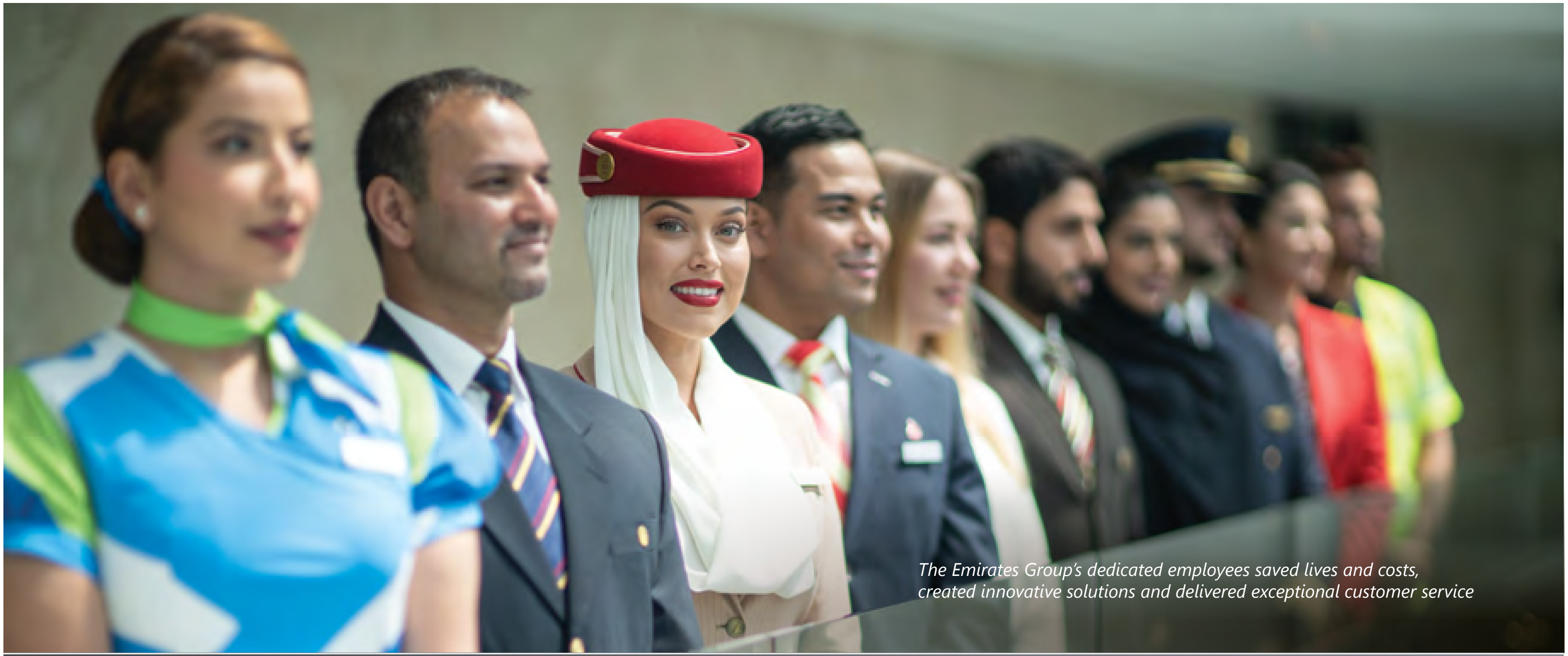


Last year, dnata raised over AED 500,000 to support the three pillars of dnata4good: education, wildlife conservation and humanitarian initiatives.

In partnership with Dubai Cares, we have contributed to eight schools, helping to educate more than 1,500 children and 400 adults to date.

We continued to work with local breast cancer charities and marked our Global Observation Day in October.

In 2019, we will build a school in Cambodia and we are gearing up to rollout a global initiative ‘dnata runs the world’ to support our three pillars.



The Emirates Group's dedicated employees saved lives and costs, created innovative solutions and delivered exceptional customer service

OUR PEOPLE, OUR PRIDE

THE EMIRATES GROUP'S EMPLOYEES COME FROM

170+

NATIONALITIES

We were known for our diversity, long before it became fashionable, with our people coming from more than 170 nationalities. Women form over 40% of our total workforce, and are employed across 1,100 wide-ranging job roles covering all major operational, commercial and business support functions.

WOMEN WORK IN

1,100

WIDE-RANGING JOB ROLES

From pilots and cabin crew, women work in a range of technical positions, including as aircraft licensed engineers, cargo loadmasters, ramp operations team leaders, turnaround coordinators and flight dispatchers.

Our people are worth it

Through Najm, the Group's employee reward and recognition programme, we applauded our people through the year as they saved lives and millions of dirhams, offered exceptional customer care and service that went above and beyond, created innovative solutions and forged important partnerships. From simple thank-you cards to Gold and Platinum awards, the programme gave our managers and leaders the breadth of options to recognise all achievements, big and small.

Last year, we continued to focus on reinventing our approach to learning and talent. With the phenomenal pace of change in our environment and industry, our Learning & Talent team looked both internally and externally to derive our future direction and ways of working. Over the year, we have focused on offering dynamic learning assets, optimising our talent, building the right infrastructure, and aligning our investment and resources to high-impact activities that address business needs and prepare us for the future of work.

13,800+

NAJMS AWARDED IN 2018-19

PLATINUM	15
GOLD	214
SILVER	655
BRONZE	1,350
MERIT	1,720
APPRECIATION	9,226
LONG SERVICE	625

Our team continued to deliver world-class training to our people throughout the year – from regulatory and technical to leadership, management, general and soft skills. Engaging with our key stakeholders, we focused on building a people-centric approach to learning and talent solutions that were relevant, and delivered sustainable business outcomes.

From an investment perspective, we launched LinkedIn Learning across the enterprise to complement our existing curriculum. This empowers our people to learn anytime, anywhere from industry experts, while minimising cost and time away from work. To better measure and understand how we work together, we continued to focus on our team effectiveness diagnostic through employee insights. We introduced digital and mobile tools that helped us to elevate teaming capability and maximise performance.

Several teams undertook bespoke leadership, people development and mentoring programmes based on strategic business needs. We designed and delivered a virtual programme to accredit coaches across our outstations. We continue to develop our leaders of today and tomorrow through the Global Business Consortium, in partnership with the London Business School, and the Executive Leadership Development Programme jointly with Warwick Business School.

Piloting our pilots to be the best

Our flight training team prides itself on offering world-class programmes and state-of-the-art facilities to ensure top-notch training for our pilot community. We continued to improve our Evidence Based Training courses to ensure our pilots are at a standard to safely, effectively and efficiently operate one of the most challenging operational route networks of any airline, anywhere in the world.

Of the 382 new flight crew joiners, 96.5% successfully completed their conversion courses, while 254 existing crew received their command upgrades: 101 on the A380 and 153 on the 777.

For our new 777X aircraft, we will introduce trailblazing eye-tracking technology in simulators to help trainers train and assess our pilots' monitoring skills. We worked extensively with Boeing to develop content, courseware and delivery methods for the new aircraft. We also conducted pioneering work with Boeing on mid-fidelity simulation that bridges the gap between traditional classroom delivery and our full flight simulators, which offer the ultimate in virtual and augmented reality training.

Maintaining cabin crew calibre

Our cosmopolitan crew bring with them a rich background of knowledge, experience and cultural understanding that we leverage in our training. They guide and mentor each other in learning languages and understanding cultural norms and traditions, which positively impact our customers' travel experience.

Our crew training team, from over 50 nationalities, help us to deliver culturally nuanced courses with authenticity and empathy. We include special needs training in our ab initio programme.

We introduced an annual leadership refresher for our 1,400 pursers. Our crew continued to be enthusiastic about their own development, and we delivered over 200 open days for Safety & Emergency Procedures and 265 workshops on Inspiring Leaders, both voluntary.

Training for change

dnata's training team trained more than 4,000 employees on average every month. We introduced a digital learning unit to enhance our delivery and learning solutions. A new dnata employment proposition at DWC meant we had to redesign all existing training courses and models to suit the new ways of working. We conducted transition training for dnata and Emirates teams to support the phase one move of flydubai's aircraft to Emirates Terminal 3.

We trained dnata load supervisors on Emirates' Firstload digital devices, and supported our global operations in Singapore, Pakistan, Iraq, North America and Canada. We helped 800 employees, who moved to DWC for the southern runway rehabilitation, at DXB get relicensed for airside driving permits, offered transition training to 1,500, and produced two mobile-enabled familiarisation programmes.

LEADERSHIP COURSES

128 programmes delivered to 1,716 managers
3 bespoke mentoring programmes
24 command coaching programmes for pilots

DIGITAL COURSES

383 courses accessed with
660,383 online course completions
143,046 e-assessments
81 new courses published

DUBAI

20,673 employees attended
2,242 instructor-led sessions

CABIN CREW TRAINING

- *3,705 courses delivered*
- *40,492 attendees*
- *13,592 training days*

OUTSTATIONS

1,599 employees attended
295 instructor-led sessions

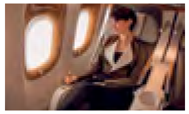
BUILDING EFFECTIVE TEAMS

Insights delivered to
149 teams, representing
3,364 employees,
450 action plans emerged

GROUP KEY EVENTS

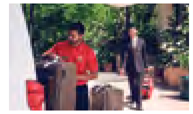
APRIL

11 Emirates SkyCargo launches Emirates AOG to help airlines world-wide receive aircraft parts quickly

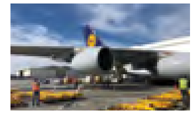


12 Emirates refreshes its offering of liquors - premium whiskeys, cognacs, gins, and vodkas – and flavoured liqueurs, across all classes and routes

19 dnata is certified for Good Distribution Practice by the UK Medicines and Healthcare Products Regulatory Agency for its cutting-edge pharma handling technology



25 Emirates introduces Home Check-in, helping customers check-in with their baggage from anywhere in Dubai



26 dnata is re-awarded the licence to provide full ground and cargo handling services at Zurich Airport for another seven years through to 2025

MAY

02 Emirates launches its Vintage Collection: fine wines that have been stored for up to 15 years in its Burgundy cellar

02 dnata is certified by IATA's Center of Excellence for Independent Validators in Pharmaceutical Logistics for its pharma-handling processes and facilities in Dubai

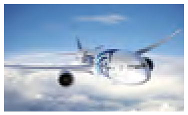
13 Emirates renews its partnership with Formula 1® till end-2022, expanding its presence at 15+ races across five continents

FIRST QUARTER

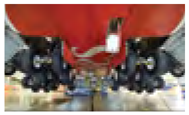
11 APRIL

dnata signs an agreement to acquire Qantas' catering businesses, which include Q Catering Limited and Snap Fresh Pty Limited

JUNE



30 *dnata expands its partnership with EGYPTAIR in Dubai to include premium cargo handling services*



29 *Emirates Engineering completes replacement of an Emirates A380's entire landing gear in one go in-house*

30 *Emirates Skywards introduces My Family, helping families pool their Miles and redeem rewards faster*

07 *dnata acquires a majority stake in DUBZ and launches home and hotel check-in for airline passengers in Dubai*

09 *Emirates starts daily services to London Stansted, its third airport and 10th daily service to the city*

13 *Emirates SkyCargo signs MoU with Cainiao, the logistics arm of the Alibaba Group, as they expand their presence globally and in Dubai*

15 *Emirates launches new daily service from Dubai to Auckland via Bali, making it the only year-round non-stop flight between Bali and Auckland*

24 *The Emirates Airline Foundation and Outreach to Africa establish a school in Western Uganda catering for 850 students*

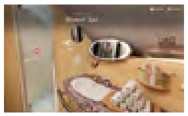
26

JUNE

Emirates Flight Catering announces plans to build the world's largest vertical farming facility in Dubai

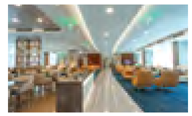
JULY

01
dnata celebrates the 25th anniversary of Gerry's dnata, its first overseas operation and now Pakistan's largest cargo and ground handling company

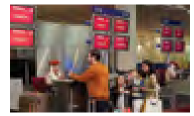


04
Emirates introduces 3D seat models on emirates.com, becoming the first airline to introduce web virtual reality technology on its digital platform

09
Emirates Skywards partners with the ENTERTAINER to launch the Emirates Skywards GO app

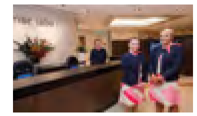


12
Emirates opens its first dedicated airport lounge in Cairo, the 42nd across its route network



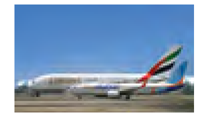
16
Emirates receives IATA Resolution 753 compliance certification for its baggage operation in Dubai

19
dnata divests its 22% stake in Hogg Robinson Group (HRG), which was acquired by Global Business Travel (GBT)

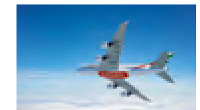


19
marhaba celebrates its one millionth customer in Dubai in 2018

AUGUST



01
Emirates Skywards becomes the loyalty programme for flydubai



01
Emirates celebrates 10 years of its A380 service that has flown more than 105 million passengers

SECOND QUARTER

06

JULY

Emirates launches services to Santiago, via Sao Paulo, the airline's first arrival in Chile

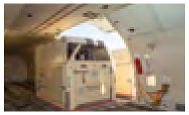
SEPTEMBER

01 Emirates and Trenitalia, Italy's national railway company, announce a new codeshare agreement

09 Emirates refreshes its premium offering with luxury products in First and Business Class from BYREDO skincare, Bowers & Wilkins and Bulgari

09 dnata announces the acquisition of German-based tour operator Tropo

15 dnata launches passenger handling operations at New York JFK airport

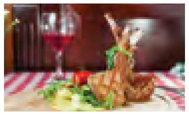


03 Emirates SkyCargo begins flying 500 horses on 19 charter freighters for the FEI World Equestrian Games™ Tryon 2018 – the largest air horse charter for a single sporting event

05 Emirates Holidays partners with the Asian Football Confederation (AFC) to become the official tour operator of the AFC Asian Cup UAE 2019

12 Emirates SkyCargo announces the transport of the one millionth unit loading device through its bonded corridor trucking service connecting DXB-DWC

17 marhaba celebrates its Melbourne lounge's first anniversary



19 Emirates launches its own Food and Wine channels on **ice** for an inside look at its menu design and wine investment story

16

AUGUST

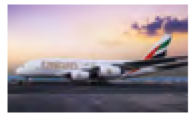
Emirates SkyCargo launches Emirates Pets for the convenient and comfortable transport of domestic pets

OCTOBER

01
Emirates launches services to Edinburgh

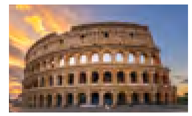
09
dnata wins the Good Distribution Practice (GDP) certification for pharma handling services at its state-of-the-art Zurich facility

25
Emirates invites global travellers to Fly Better with the launch of its new brand campaign

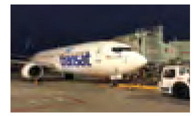


28
Emirates launches scheduled A380 services to Osaka

NOVEMBER



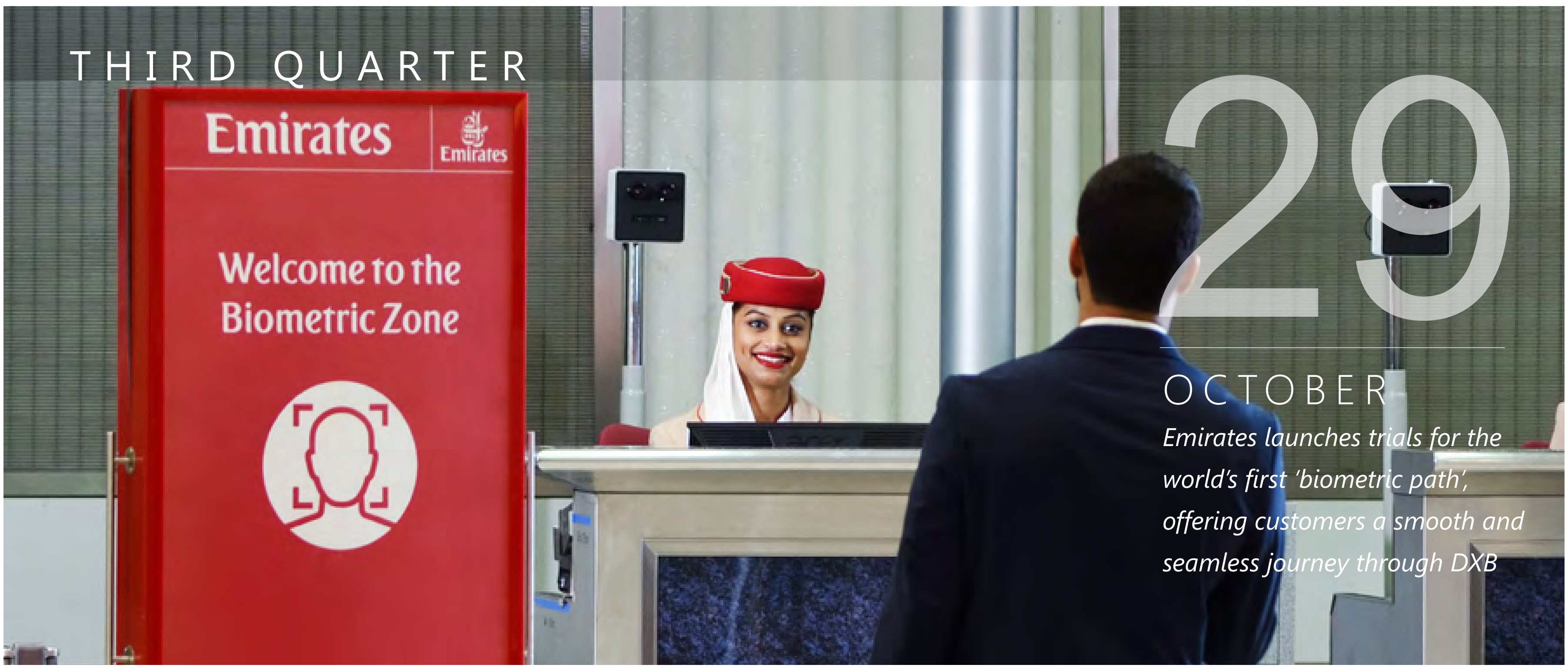
05
Arabian Adventures signs a partnership agreement with HTMS International to sell its premium services in the Italian market



05
GTA dnata, a joint venture in Canada, expands operations at Toronto Pearson International Airport with the start of a long-term partnership with Air Transat

11
Emirates Flight Catering inaugurates a dedicated premium class kitchen with an investment of AED 1 billion

14
Cargo iQ publishes data that confirms Emirates SkyCargo is one of the largest air cargo airlines on total shipments tracked

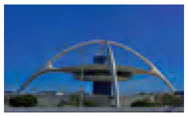


THIRD QUARTER

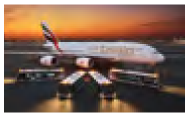
29 OCTOBER

Emirates launches trials for the world's first 'biometric path', offering customers a smooth and seamless journey through DXB

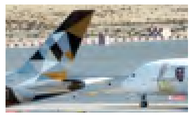
DECEMBER



19
dnata launches ground-handling services at Los Angeles International Airport



27
Emirates invests in a new fleet of high-tech buses to enhance the on-ground experience for its Economy Class passengers in Dubai

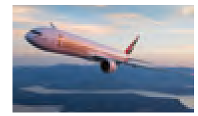


28
dnata signs a five-year agreement with Etihad Airways to run its contact centres globally

30
dnata completes the acquisition of 121 Inflight Catering in the US

02
Emirates joins Etihad, Air Arabia, flydubai, and seven Al Fursan jets for a world-first flying formation to celebrate the UAE's Year of Zayed

09
Emirates Flight Catering is selected to lead the hospitality and operations for the New Zealand pavilion at Expo 2020 Dubai



13
Emirates takes delivery of its last Boeing 777-300ER aircraft on order

18
Emirates and South African Airways expand their codeshare agreement

20
Emirates inaugurates its refurbished lounge at Rome's Leonardo da Vinci-Fiumicino airport

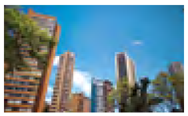
28

NOVEMBER

dnata announces the acquisition of a majority stake in BD4travel, an award-winning tech company that provides AI driven IT solutions to online travel agencies

JANUARY

09
dnata renews its IATA Safety Audit for Ground Operations (ISAGO) registration in the Philippines and receives station accreditations in Manila, Cebu and Clark



16
Emirates SkyCargo starts freighter services to Bogota, Colombia

16
GTA dnata is awarded IATA's Center of Excellence for Independent Validators in pharma logistics in Toronto

21
*Emirates introduces **ice** playlist syncing enabling customers to sync their personalised playlists on board*

22
Emirates Skywards opens a one-stop centre at DXB to better serve members

22
dnata becomes owner of Dubai Express, Freightworks LLC and a majority stakeholder in Bolloré Logistics LLC, UAE

FEBRUARY

01
Emirates and China Southern Airlines sign a MoU on a comprehensive reciprocal codeshare agreement

04
dnata launches a new resource management system in Dubai to help optimise operations and efficiently manage its workforce

FOURTH QUARTER

17

JANUARY

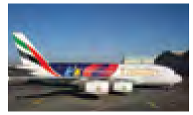
dnata opens an ultra-modern catering facility in Canberra, Australia

MARCH

01
Emirates opens the 11th edition of the Emirates Airline Festival of Literature with 182 authors from over 30 countries

13
Emirates Flight Training Academy and National Aviation Academy, Saudi Arabia sign a MoU to share expertise and jointly promote training programmes

14
dnata gains IATA's Center of Excellence for Independent Validators in pharma logistics in Dallas



19
Emirates reveals its ICC Cricket World Cup 2019 themed A380 livery ahead of the much anticipated tournament

21
Emirates brings the whole Arsenal squad to visit its Dubai hub, the first time in the airline's history

28
dnata launches operations in Belgium by opening a new 14,000 m² cargo centre at Brussels airport with a planned investment of EUR 8 million

14 FEBRUARY
Emirates signs a deal for 40 Airbus A330neos and 30 A350-900s

Emirates' growing network

Emirates operates flights to 158 destinations in 85 countries, offering industry-leading passenger and cargo air transport services.

We connect the world to, and through, our hub in Dubai.

Emirates destinations

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

SOUTH AMERICA
BOGOTA
BUENOS AIRES
QUITO
RIO DE JANEIRO
SANTIAGO
SAO PAULO
VIRACOPOS

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

AFRICA
ABIDJAN
ABUJA
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
DAMMAM
DUBAI INTERNATIONAL
DUBAI WORLD CENTRAL
ERBIL
JEDDAH
KUWAIT
MEDINA
MUSCAT
RIYADH
TEHRAN

ASIA
AHMEDABAD
BALI
BANGKOK
BEIJING
BENGALURU
CEBU
CHENNAI
CLARK
COLOMBO
DHAKA
GUANGZHOU
HANOI
HO CHI MINH CITY
HONG KONG
HYDERABAD
ISLAMABAD
JAKARTA
KABUL
KARACHI
KOCHI
KOLKATA
KUALA LUMPUR
LAHORE
MALE
MANILA
MUMBAI
NEW DELHI
OSAKA
PESHAWAR
PHNOM PENH
PHUKET
SEOUL
SHANGHAI
SIALKOT
SINGAPORE
TAIPEI
THIRUVANANTHAPURAM
TOKYO HANEDA
TOKYO NARITA
YANGON

AUSTRALASIA
ADELAIDE
AUCKLAND
BRISBANE
CHRISTCHURCH
MELBOURNE
PERTH
SYDNEY

Emirates presence

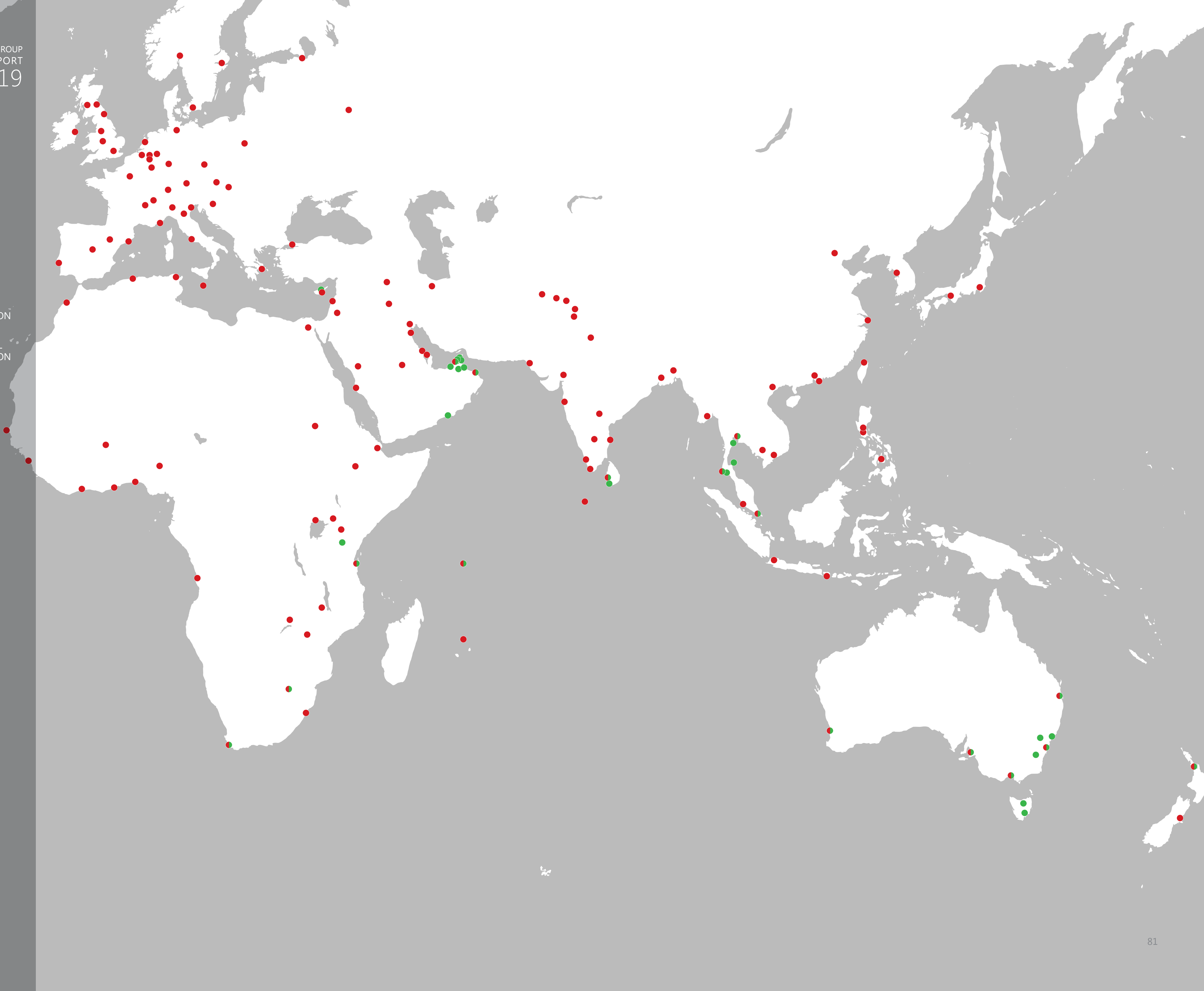
EUROPE
NICOSIA

AFRICA
ARUSHA
CAPE TOWN
DAR ES SALAAM
JOHANNESBURG
SEYCHELLES

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

ASIA
BANGKOK
COLOMBO
GALLE
HUA HIN
KRABI
PHUKET
SAMUI
SINGAPORE

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



dnata's growing network

dnata's business footprint in airport operations, catering and travel services, span 196 cities and airports across the globe.

We aim to be the world's most admired air services provider.

dnata presence ●

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

SOUTH AMERICA
ARACAJU
BELEM
BOA VISTA
BRASILIA
CAMPINA GRANDE
CAMPINAS
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
ALGHERO
ALTON
AMSTERDAM
BARI
BELFAST
BERGAMO
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BIRMINGHAM
BOLOGNA
BRIGHTON
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CHELTENHAM
CORK
DONCASTER
DUBLIN
EAST MIDLANDS
EDINBURGH
FRANKFURT
FLORENCE
GENEVA
GENOA
GLASGOW
HALIFAX
KINGSTON
KNUTSFORD
LAMEZIA TERME
LEEDS
LEIPZIG
LONDON GATWICK
LONDON HEATHROW
LONDON STANSTED
LUTON
MADRID
MANCHESTER
MILAN LINATE
MILAN MALPENSA
NAPLES
NEWCASTLE
OLBIA
OSTRAVA
PALERMO
PISA
PRAGUE
PRESTON
PRESTWICK
ROME FIUMICINO
SANDYCROFT
SOFIA
SOLIHULL
ST. PETERSBURG
SWINDON
TURIN
VENICE
VERONA
WARSAW
WINCHESTER
ZURICH

AFRICA
CAPE TOWN
JOHANNESBURG

MIDDLE EAST
ABU DHABI
AJMAN
AL AIN
AL KHOBAR
AMMAN
BAHRAIN
BURAIMI
DAMMAM
DUBAI INTERNATIONAL
DUBAI WORLD CENTRAL
DUQM
ERBIL
FUJAIRAH
IBRA
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JEDDAH
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DELHI / NOIDA
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HYDERABAD
ISLAMABAD
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KABUL
KARACHI
KOH SAMUI
KOTA KINABALU
KUALA LUMPUR
KYOTO
LAHORE
MANILA / MAKATI
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MUMBAI
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SINGAPORE
TOKYO
YOGYAKARTA

AUSTRALASIA
ADELAIDE
AUCKLAND
BRISBANE
CAIRNS
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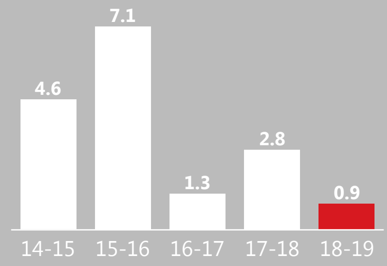
MELBOURNE
PERTH
SYDNEY

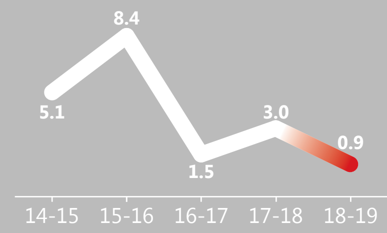
FINANCIAL COMMENTARY

EMIRATES

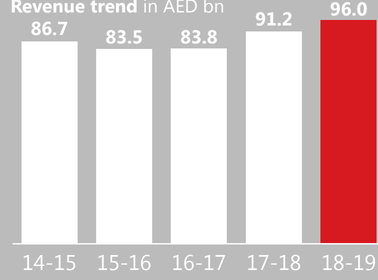
Profit attributable to the Owner in AED bn



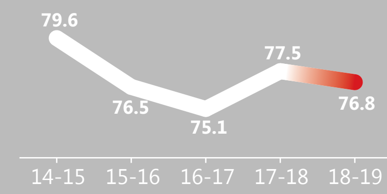
Profit margin in %



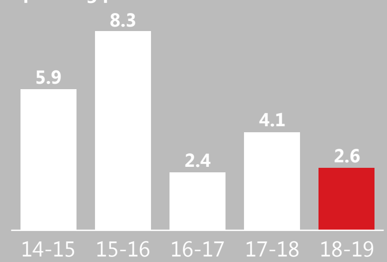
Revenue trend in AED bn



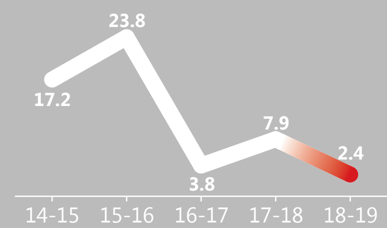
Passenger seat factor in %



Operating profit in AED bn



Return on shareholder's funds in %



Revenue in AED m	**2018-19**	**2017-18**	**% change**
Passenger	78,562	74,262	5.8
Cargo	13,056	12,439	5.0
Excess baggage	444	433	2.5
Transport revenue	**92,062**	**87,134**	**5.7**
Sale of goods	2,918	2,982	(2.2)
Hotel operations	669	746	(10.3)
Others	391	363	8.0
Non-transport revenue	**3,978**	**4,091**	**(2.8)**
Total	**96,040**	**91,225**	**5.3**

Despite the unrelenting headwinds of rising oil prices, unfavourable currency movements in certain markets and cutthroat competition; financial year 2018-19 marked our 31st consecutive profitable year.

We continued with our strategic imperative to operate a young, modern and efficient fleet adding 7 Airbus 380s and 6 Boeing 777-300ERs to our fleet this year whilst phasing out 11 older aircraft. We also substantially completed revamping our 10 Boeing 777-200LR aircraft with the new Business class cabins, an initiative unveiled in March 2018. Although profits remained under severe pressure during the financial year, these investments, amongst others, underscore our commitment to continue inspiring travellers to fly better around the world using our world-class product and service offering.

Our fleet of Airbus 380 and Boeing 777 aircraft connects 158 destinations across six continents through our hub in Dubai, facilitating global travel and trade. During the year we transported 58.6 million passengers and carried 2.7 million tonnes of cargo.

In February 2019, we announced an order for 40 A330 Neos and 30 A350s. These aircraft will complement Emirates' fleet mix, support our network growth and give us more flexibility to better serve our seasonal demand.

With the launch of our new brand promise "Fly Better", we reaffirmed our edge in providing air travel experiences that are comfortable and enjoyable in every cabin class. This year we also inaugurated our 42nd dedicated lounge in Cairo, Egypt.

Profitability

With external factors impeding our performance, profit for the year struggled to touch previous levels and stood at AED 0.9bn (2017-18: AED 2.8bn). Our profit margin also reduced to 0.9% (2017-18: 3.0%).

High fuel prices had a significant impact on our operating profit of AED 2.6bn (2017-18: AED 4.1bn) resulting in a reduction in our operating margin to 2.7% (2017-18: 4.4%).

The reduction in profits meant the return on shareholder's funds declined to 2.4% (2017-18: 7.9%).

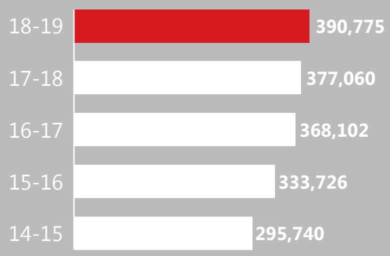
Revenue

Our revenues crossed the AED 96bn mark, showing an improvement of 5.3% over last year. Transport revenue which comprises more than 95% of Emirates' revenue increased by 5.7% to AED 92.1bn (2017-18: AED 87.1bn). The growth in both passenger and cargo revenue was propped up by better yields which demonstrate our customers' confidence in the premium product and the services we offer. Volumes in terms of RPKMs and tonnage carried showed improvements of 2.7% and 1.4% respectively. This was due to an increase in capacity, introduction of new destinations and higher frequencies on existing ones.

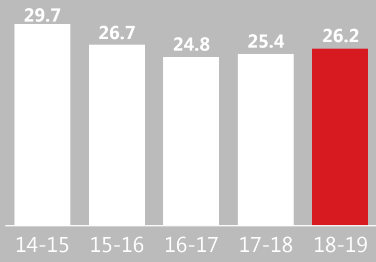
Hotel operations, including food and beverage sales, did not perform as expected due to difficult market conditions and pushed non-transport revenue down by 2.8%.

		2018-19	**2017-18**	**% change**
Passengers carried	million	58.6	58.5	0.2
Available seat km	ASKM million	390,775	377,060	3.6
Passenger seat km	RPKM million	299,967	292,221	2.7
Passenger seat factor	%	76.8	77.5	(0.7) pt

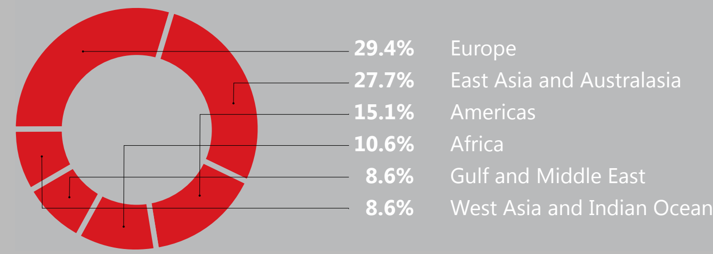
Available seat kilometres (ASKM) in millions



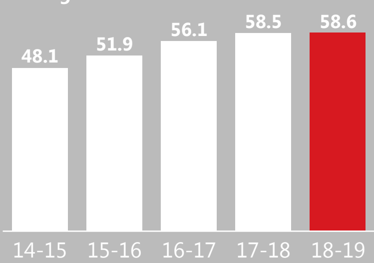
Passenger yield in fils per RPKM



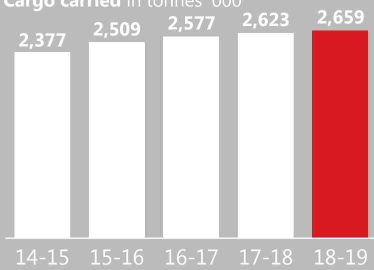
Geographical revenue in %



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 and Indian Ocean	Total
2018-19	28.3	26.6	14.5	10.2	8.3	8.1	96.0
2017-18	26.7	25.4	13.4	9.4	8.5	7.8	91.2
% change	6%	5%	8%	9%	(2%)	4%	5%

Passenger revenue and seat factor

We increased our passenger capacity by 3.6%, with ASKMs reaching 390.8bn (2017-18: 377.1bn). The seat factor, although reducing slightly, stayed strong at 76.8% (2017-18: 77.5%) as we provided air travel services to a record 58.6 million passengers. Passenger traffic measured in RPKM increased by 2.7% and the yield at AED 26.2 fils per RPKM (2017-18: AED 25.4 fils per RPKM) improved by 3.1%. These factors contributed to a 5.8% growth in passenger revenue (including excess baggage) to AED 79.0bn (2017-18: AED 74.7bn).

Our on-board hospitality moved even higher as we refreshed our luxury products helping the premium class seat factor increase by 0.7%pt.

Along with organic growth, we continued to forge partnerships to expand our offering and benefit customers. This year, Emirates entered into new codeshare arrangement with Jetstar Pacific and signed an MoU with China Southern Airlines. We also enhanced our agreement with South African Airways. These new partnerships provide increased destination choices to our customers.

Our strategic partnership with flydubai continued to grow stronger as this year Emirates "Skywards" programme became the loyalty programme for flydubai.

We introduced Home Check-in, our initiative to help our passengers to check-in with their luggage from anywhere in Dubai. Our Skywards team also introduced various initiatives including 'My Family', a programme which helps families to pool their miles and enhance their award options.

Cargo revenue

SkyCargo contributed 14.2% (2017-18: 14.3%) of Emirates' transport revenue, continuing its success story.

Belly capacity increased further this year with new aircraft and passenger destinations. We also expanded our freighter network to Bogota in Columbia and relaunched Erbil in Iraq.

The current financial year also saw new logistic arrangements with Alibaba Group to deliver packages across Emirates' network as e-commerce continues to drive growth in global air cargo. We also launched new cargo services such as Emirates AOG, for priority transport of aircraft parts, and Emirates Pets.

Annual cargo tonnage at 2,659 thousand tonnes (2017-18: 2,623 thousand tonnes) and cargo revenues at AED 13.1bn (2017-18: AED 12.4bn), both crossed record levels. FTKM increased by 2.3% to 13.7bn (2017-18: 13.4bn) and the yield per FTKM increased by 2.7% over the previous year resulting from a better cargo tariff mix.

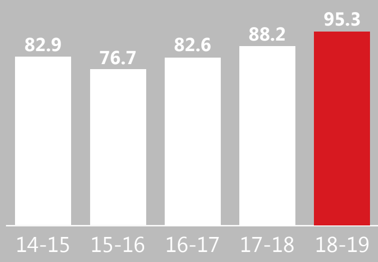
Non-transport revenue

Our non-transport revenue includes the sale of consumer goods, catering operations, sale at F&B outlets and hotel operations. The decrease in revenue this year was largely due to loss of certain customers in our catering business and strong competition in the UAE hotel market.

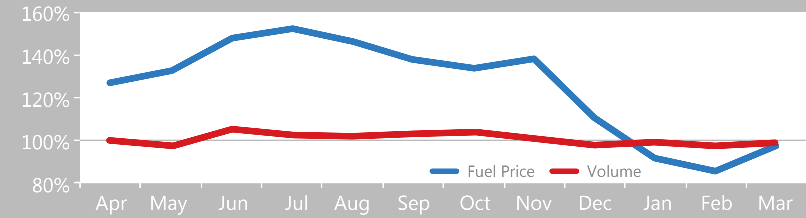
Revenue distribution

We continued to uphold the strategy of maintaining a diversified revenue base as the contribution from each geographical region remained below 30% of the total revenue with Europe being the largest revenue contributor at 29.4% (2017-18: 29.3%). All regions recorded improvement in revenues this year except the Gulf and Middle East which continues to be afflicted by ongoing political instability and softening of passenger demand.

Total operating costs in AED bn

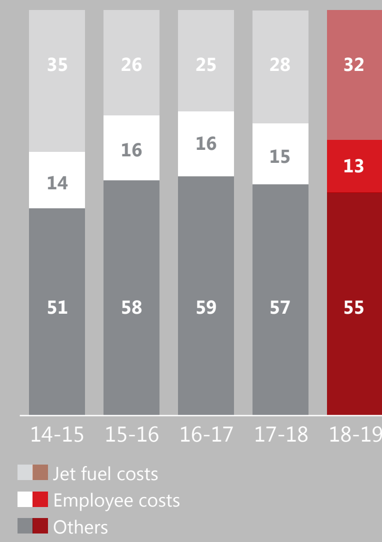


Fuel price and quantity development

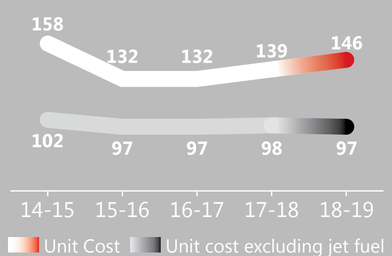


Graph represents % change in average monthly fuel price and quantity in 2018-19 indexed to 2017-18

Employee and jet fuel cost as a % of total operating costs



Unit cost in fils per ATKM



Operating costs in AED m	**2018-19**	**2017-18**	**% change**	**2018-19 as % of operating cost**
Jet fuel	30,768	24,715	24.5	32.3
Employee	12,623	13,080	(3.5)	13.3
Aircraft operating leases	11,964	11,691	2.3	12.6
Depreciation and amortisation	9,680	9,193	5.3	10.2
Sales and marketing	6,137	6,404	(4.2)	6.4
Handling	5,544	5,335	3.9	5.8
In-flight catering and other costs	3,519	3,323	5.9	3.7
Overflying	2,761	2,891	(4.5)	2.9
Facilities and IT related costs	2,626	2,485	5.7	2.8
Aircraft maintenance	2,413	2,364	2.1	2.5
Landing and parking	2,231	2,153	3.6	2.3
Cost of goods sold	1,588	1,575	0.8	1.7
Crew layover	1,094	1,125	(2.8)	1.1
Corporate overheads (including fx loss)	2,312	1,902	21.5	2.4
Total operating costs	**95,260**	**88,236**	**8.0**	**100.0**

Expenditure

Operating costs

Operating costs, outpacing the growth in revenues, rose by 8.0% to AED 95.3bn (2017-18: AED 88.2bn). This increase was primarily on account of fuel costs which were up by 24.5% owing to escalated fuel prices for most of the year.

Jet fuel cost

Jet fuel cost at 32% (2017-18: 28%) continues to be the single largest element of operating costs. The market oil prices for jet fuel remained volatile this year fluctuating between USD 71/barrel to USD 95/barrel. The average price this financial year was USD 84/per barrel, which is an increase of 22% versus last year. This, together with a higher fuel uplift of 2.7% - in line with the growth in capacity, resulted in our fuel bill rising by 24.5% to AED 30.8bn (2017-18: AED 24.7bn).

Fuel costs per ATKM rose to 49 fils (2017-18: 41 fils).

We continue to assess our fuel price risk on an ongoing basis and jet fuel cost remained unhedged during the year.

Employee cost

Employee costs at AED 12.6bn (2017-18: AED 13.1bn) were down by 3.5%, due to the drop in staff head count. Our new and innovative ways of working, introduced in previous years in certain parts of the organisation where we felt the need, have started yielding results. Our productivity is up and we see a gradual slowdown in the increase of recurring employee cost.

Aircraft operating leases

Aircraft operating lease costs increased by 2.3% to AED 12.0bn (2017-18: AED 11.7bn). This is due to the delivery of one new aircraft on operating lease during the year and full year impact of 10 aircraft delivered in the previous year. These increases were partially offset by the phase out of 11 (2017-18: 6) aircraft on completion of their lease terms.

Direct operating costs

Direct operating costs including handling, in-flight catering, landing & parking and aircraft maintenance increased by 4.0%, moving in parallel with our capacity growth, offset by cost savings in crew layover due to reduction in staff strength and overflying, as a result of better route planning.

Depreciation and amortisation

The increase of 5.3% or AED 487m was primarily driven by 12 new aircraft deliveries. The charge also increased due to other capitalisations done during the year, including; expansion of our state-of-the-art flight training academy, new and upgraded lounges for our customers and better accommodation facilities for employees. We also opened a new dedicated premium class in-flight kitchen in the UAE through our catering arm, Emirates Flight Catering.

Other operating costs

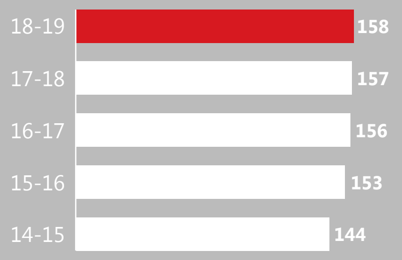
Sales and marketing costs decreased by 4.2% and stood at AED 6.1bn (2017-18: AED 6.4bn) resulting from various cost saving initiatives undertaken during the year.

The foreign exchange loss of AED 333m (2017-18: gain of AED 33m) aggravated our cost base.

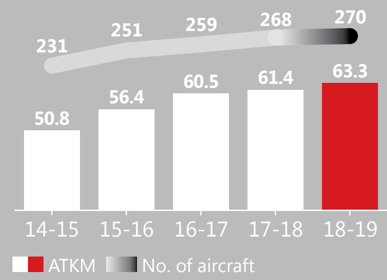
Unit cost

With the significant increase in jet fuel prices, the total unit cost per ATKM increased to 146 fils (2017-18: 139 fils) per ATKM. Total unit cost per ATKM excluding jet fuel showed a positive movement and reduced to 97 fils (2017-18: 98 fils) per ATKM.

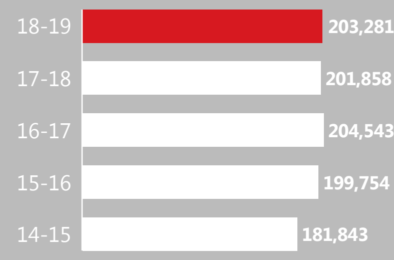
Destinations



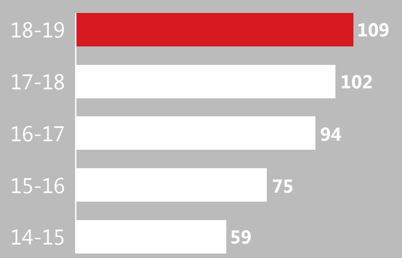
Available tonne kilometres (ATKM) in bn **and number of aircraft**



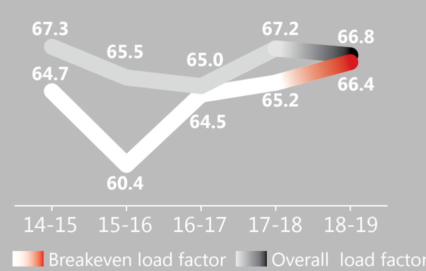
Aircraft departures



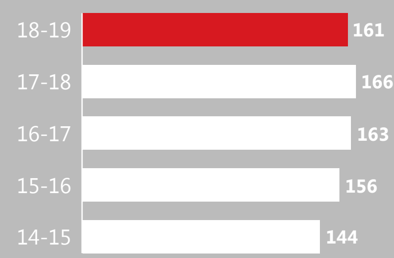
A380 aircraft numbers



Overall and breakeven load factor in %



B777 aircraft numbers



Capacity, traffic and load factor

Capacity rose by 3.1% to 63.3bn ATKMs (2017-18: 61.4bn) resulting from new aircraft introduced to serve our ever-growing network. The overall traffic load or RTKM growth was 2.6%.

Our passenger and cargo volumes reached record levels as a result of our service initiatives and enhanced connectivity provided to our customers.

The overall load factor was 66.8% (2017-18: 67.2%), while the break-even load factor increased to 66.4% (2017-18: 65.2%) owing to higher unit costs per ATKM mainly influenced by fuel.

2018-19 saw us achieving significant milestones as we completed our 10th year of the flagship A380 service flying more than 105m passengers. In December 2018, we also welcomed our last Boeing 777-300ER into our fleet.

We continue to maintain our position as the largest operator of A380 aircraft and with the addition of 7 new aircraft, we now have 109 super-jumbos in our fleet. The high seat factor on the A380 fleet continues to demonstrate the customer preference for this aircraft. This fleet carried 41% (2017-18: 41%) of our passengers in 2018-19. With A380s operating to 50 destinations, 32% (2017-18: 31%) of all cities across the Emirates network are served by an A380. This aircraft will remain the cornerstone of our fleet mix and product offering well into the 2030s.

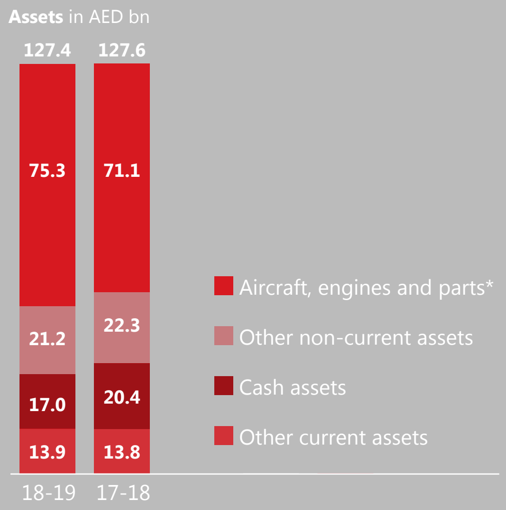
The Boeing 777 aircraft continues to remain an important pillar of our operations. We added 6 aircraft to the fleet and phased out 11, which brings the total count of aircraft to 161.

		2018-19	2017-18	% change
Capacity (ATKM)	million	63,340	61,425	3.1
Load carried (RTKM)	million	42,304	41,250	2.6
Load factor	%	66.8	67.2	(0.4) pt
Break even load factor	%	66.4	65.2	1.2 pts

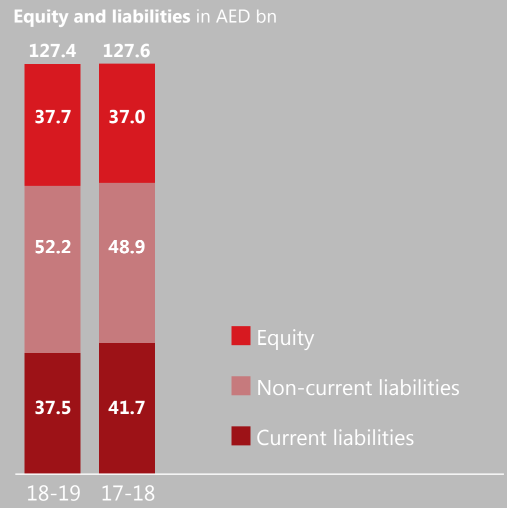
We remain the world's largest Boeing 777 operator and it accounts for almost 59% (2017-18: 59%) of the airline's capacity, carrying 59% (2017-18: 59%) of our passengers and 76% (2017-18: 75%) of our cargo tonnage.

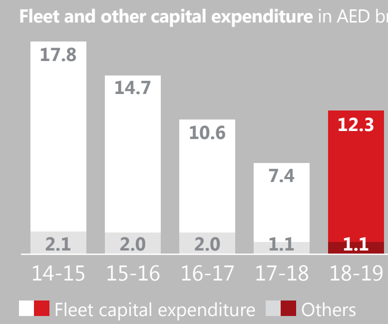
The increase in aircraft departures, passenger numbers and RPKMs was driven by:

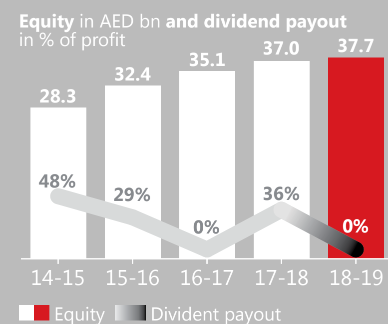
- Introduction of new passenger services to three destinations – Stansted, our third London airport and 10th daily service to the city, Edinburgh in Scotland and Santiago in Chile, along with the full year operations of destinations added in the prior year in the Far East and Europe;
- A new daily service from our hub in Dubai to Auckland via Bali, the only year-round non-stop flight between Bali and Auckland;
- New A380 services to Osaka and Hamburg;
- Relaunched services to Istanbul's second airport – Sabiha Gokcen;
- Higher frequencies to several existing destinations including Sydney, Orlando, Fort Lauderdale, Lisbon, Newark, Bali, Luanda, Lyon, Paris, Toronto, Riyadh, Amsterdam, Stockholm and Tunis; and
- Increased capacity to existing destinations with larger aircraft mainly Houston, Melbourne, London Gatwick and Brisbane.



* includes aircraft pre-delivery payments







Statement of financial position

Assets

Emirates balance sheet continued to remain strong, with total assets at AED 127.4bn (2017-18: AED 127.6bn).

Our commitment to 'Fly Better' comes through our investments in the product. To keep the fleet young and efficient, we continued to invest in new aircraft and cabin interiors. We capitalised 12 new aircraft on our balance sheet this year. Our 10 Boeing 777-200LR aircraft were substantially reconfigured with the new Business and refreshed Economy class cabins. All these investments, partially offset by the depreciation charge for the year, resulted in an increase of non-current assets by AED 3.1bn.

Current assets excluding cash reserves remained stable at AED 13.9bn (2017-18: AED 13.8bn).

Assets in AED bn	2018-19	2017-18	change	% change
Aircraft, engines and parts*	75.3	71.1	4.2	5.9
Other non-current assets	21.2	22.3	(1.1)	(4.9)
Cash assets	17.0	20.4	(3.4)	(16.7)
Other current assets	13.9	13.8	0.1	0.7
Total	**127.4**	**127.6**	**(0.2)**	**(0.2)**

*includes aircraft pre-delivery payments

Cash assets declined to AED 17.0bn at 31 March 2019 (2017-18: AED 20.4bn) primarily due to reduction in profits and payments for the outright purchase of 2 A380s & dividend to our shareholder.

Capital expenditure

Capital expenditure of AED 13.4bn (2017-18: 8.5bn) is 58% higher compared to the previous year driven by an increase in aircraft deliveries. We obtained 6 Boeing 777s and 6 A380s (2017-18: 7 aircraft) during the year. Primary capital expenditure comprising of aircraft spend (including pre-delivery payments, aircraft and engine parts), major aircraft & engine maintenance overhauls and spare engines represented 92% of the total capital spend (2017-18: 87%).

Secondary capital expenditure amounted to AED 1.1bn (2017-18: AED 1.1bn), of which the majority was invested in airport lounges – we opened our 42nd dedicated lounge in Cairo and upgraded our lounge offerings at New York, Rome and Dubai airports, employee accommodation and kitchen facilities. We enhanced the infrastructure of our Emirates Flight Training Academy and introduced 13 new trainer aircraft for our ab-initio pilot training programme. We also made investments in our reservation system to enhance customers' experience and bring efficiencies across business processes.

Equity and liabilities in AED bn	2018-19	2017-18	change	% change
Total equity	37.7	37.0	0.7	1.9
Non-current liabilities	52.2	48.9	3.3	6.7
Current liabilities	37.5	41.7	(4.2)	(10.1)
Total	**127.4**	**127.6**	**(0.2)**	**(0.2)**

Equity

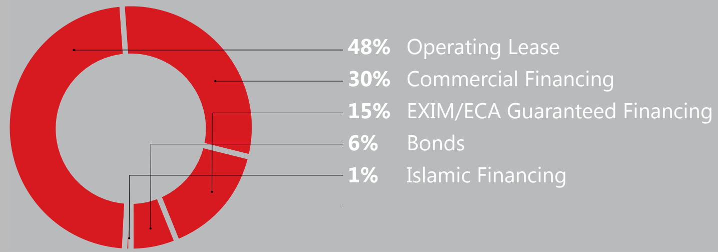
Total equity rose by 1.9% to AED 37.7bn (2017-18: 37.0bn) due to profit generated in the year. The equity ratio remained stable at 29.6% (2017-18: 29.0%).

In order to support Emirates' ongoing growth, the shareholder decided to retain this year's profit and hence no dividend was declared.

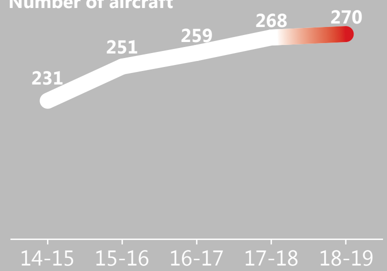
Liabilities

Total liabilities fell by 1% to AED 89.7bn (2017-18: AED 90.6bn). Current liabilities fell by AED 4.2bn, primarily because of the reductions in trade payables, repayment of borrowings & lease liabilities and payment of dividend liability outstanding from last year. Non-current liabilities increased by AED 3.3bn due to additional borrowings and lease liabilities.

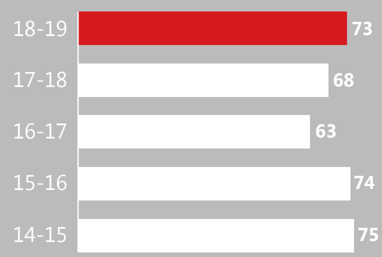
Sources of funding over last 10 years in %



Number of aircraft



Average fleet age in months



Fleet information

Aircraft	Total as at 31 March 2019	On balance sheet	Off balance sheet	Total as at 31 March 2018	Change since 31 March 2018	Future deliveries	Options
A 380-800	109	50	59	102	7	14	-
Boeing 777-300ER	138	66	72	138	-	-	-
Boeing 777-200LR	10	6	4	10	-	-	-
Boeing 777-300	1	-	1	5	(4)	-	-
Boeing 777-8X	-	-	-	-	-	35	-
Boeing 777-9X	-	-	-	-	-	115	50
A 330-900	-	-	-	-	-	40	-
A 350-900	-	-	-	-	-	30	-
Passenger	**258**	**122**	**136**	**255**	**3**	**234**	**50**
Boeing 777-200LRF	12	-	12	13	(1)	-	-
Freighters	**12**	**-**	**12**	**13**	**(1)**	**-**	**-**
Total aircraft	**270**	**122**	**148**	**268**	**2**	**234**	**50**

Note: One A319 aircraft is used for Executive jet charters

Aircraft fleet and financing

Emirates reinforced its position as the world's largest all wide-body aircraft operator by taking delivery of 13 Airbus 380 and Boeing 777 aircraft during the financial year.

We are proud of our young fleet and the combination of new deliveries and phase-outs of old aircraft enabled us to retain a youthful fleet age of 73 months (2017-18: 68 months), substantially lower than the industry average.

Continuing on our growth vision, we intend to acquire 40 A330s and 30 A350s along with 150 Boeing 777Xs and 14 A380s.

With 6 Boeing 777-300ER deliveries in the year and the simultaneous phase-out of 11 older Boeing 777 aircraft, Emirates maintained its position as the world's largest Boeing 777 operator with 161 Boeing 777 aircraft as of the close of this financial year. Augmenting Emirates' position as the largest A380 operator, we took delivery of 7 aircraft thereby bringing the total A380 fleet to 109.

Underpinned by our financial strength and solid track record of business performance, Emirates continued to innovate and develop new financing arrangements in close collaboration with the financial community.

During the year, Emirates raised a total of AED 14.2bn (2017-18: AED 18.7bn) in aircraft financing (largely through a combination of term loans, finance and operating leases). Committed offers are in hand to finance all 6 A380s to be delivered in the forthcoming financial year.

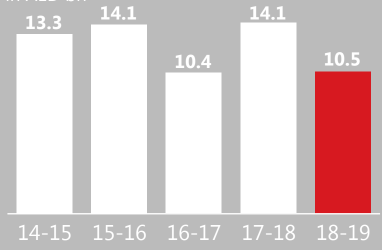
As Export Credit Agency (ECA) support was reinstated for Airbus deliveries, we devised an innovative finance lease structure to combine the traditional export lease debt with junior debt from Korean investors to finance 2 A380 deliveries in the year.

Testament to the increasing depth of the Japanese structured financing market for Emirates, all 6 Boeing 777-300ER aircraft delivered were financed via a Japanese Operating Lease with a Call Option (JOLCO) raising funding of more than USD 1bn during the year. Emirates has now raised over USD 7.6bn from the Japanese structured financing market since 2014.

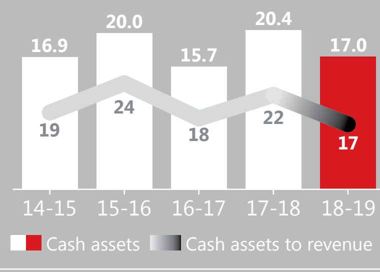
Emirates funded 2 A380s delivered in the financial year through a USD 600 million corporate Sukuk issued in March 2018.

Emirates and its financing partners were awarded Aviation 100 'Deal of the Year for Innovation' by the Airline Economics magazine for successfully refinancing and terming out a commercial bridge facility (initially put in place due to non-availability of ECA cover) of AED 3.8 bn (USD 1.0 bn) via a novel hybrid finance lease structure for 5 A380 aircraft delivered last year. By maintaining access to an institutional investor and bank market base from Korea, Germany, the United Kingdom and the Middle East, Emirates continued to use this structure for a further 2 A380 aircraft delivered in the current financial year.

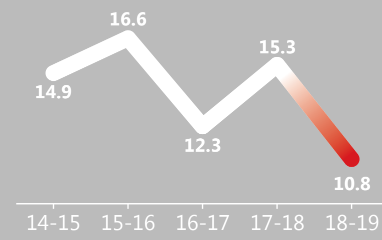
Cash generated from operating activities in AED bn



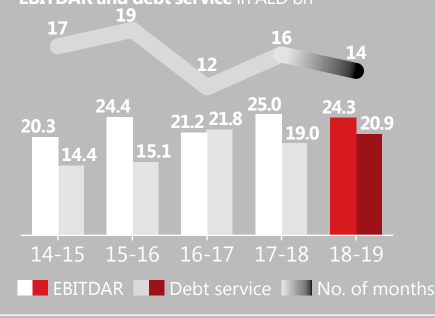
Cash assets in AED bn **and Cash assets to total revenue** in %



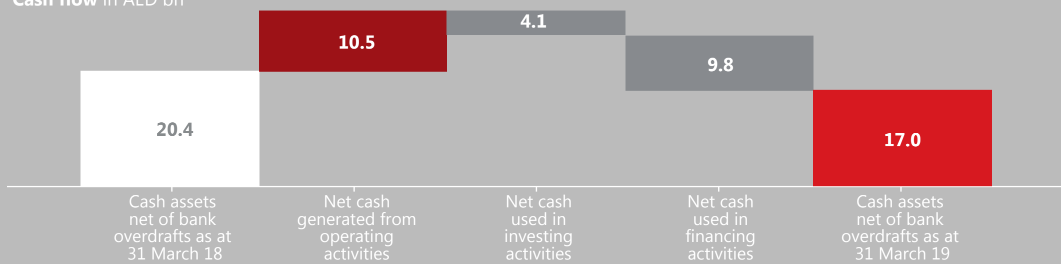
Operating cash margin in %



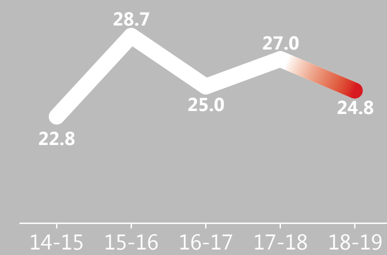
EBITDAR and debt service in AED bn



Cash flow in AED bn



EBITDAR margin in %



Cash position

Cash assets

Cash assets including short term bank deposits are at a robust AED 17.0bn (2017-18: 20.4bn). Complemented by committed offers to finance next year's deliveries, these are expected to be sufficient to meet all obligations falling due in the next financial year.

The cash assets to total revenue fell to 17% (2017-18: 22%) and is below the target range of 25% +/- 5%. However, this is temporary and is expected to improve as repayments of financial liabilities, primarily comprising of amortising borrowings & lease liabilities and trade & other payables, are expected to be less onerous in the financial year 2019-20 compared to the current year.

Cash from operating activities

Cash generation from operating activities of AED 10.5bn (2017-18: AED 14.1bn) fell by 25.5%. This was due to lower profitability and a resulting reduction in working capital, including payout of profit share to staff for prior year. These factors together, reduced the operating cash margin to 10.8% (2017-18: 15.3%).

EBITDAR and debt service

Cash profit from operations (EBITDAR) at AED 24.3bn (2017-18: AED 25.0bn) was 2.7% lower than last year but still the third highest ever reported by Emirates. Debt service payments of AED 20.9bn were up by 10% year on year. The payments shown in the table below (including those of previous years) exclude refinancing of certain borrowings and lease liabilities at commercially better rates.

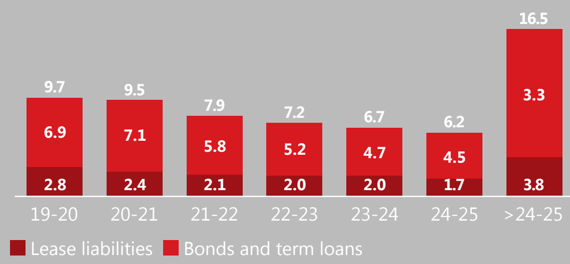
The related cash inflows and outflows are reported at their gross values in the consolidated statement of cash flows and in the relevant notes to the consolidated financial statements.

Debt service payments, excluding operating leases, amounted to AED 8.9bn (2017-18: AED 7.3bn). This increase of 21.9% or AED 1.6bn was due to higher borrowings and lease liabilities, which was primarily due to the bond issued at the end of last year and 10 aircraft acquired under finance lease this year.

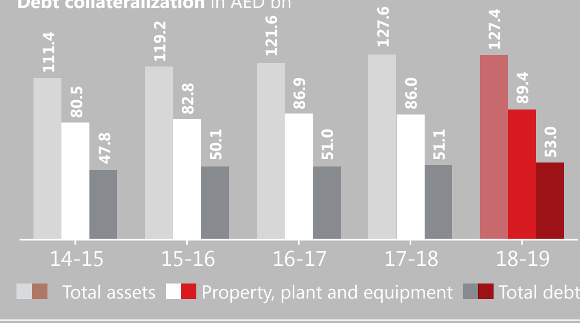
EBITDAR after debt service payments was AED 3.4bn and equated to 14 (2017-18: 16) months of payments. EBITDAR margin at 24.8% (2017-18: 27.0%) for the year was 2.2%pts. lower than last year.

	2018-19	2017-18	2016-17	2015-16	2014-15
EBITDAR in AED bn	**24.3**	**25.0**	**21.2**	**24.4**	**20.3**
Less: Debt service					
Repayment of bonds and loans	(1.6)	(1.0)	(5.6)	(1.7)	(0.6)
Repayment of lease liabilities	(5.4)	(5.0)	(4.4)	(4.1)	(5.6)
Operating lease rentals	(12.0)	(11.7)	(10.5)	(8.1)	(6.9)
Finance costs	(1.9)	(1.3)	(1.3)	(1.2)	(1.3)
Total	**(20.9)**	**(19.0)**	**(21.8)**	**(15.1)**	**(14.4)**
EBITDAR after debt service in AED bn	**3.4**	**6.0**	**(0.6)**	**9.3**	**5.9**

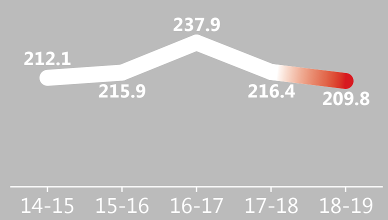
Debt repayment profile in AED bn



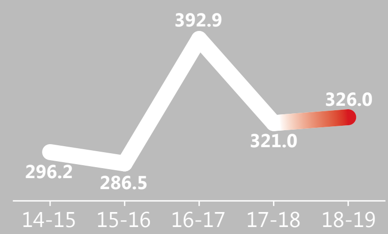
Debt collateralization in AED bn



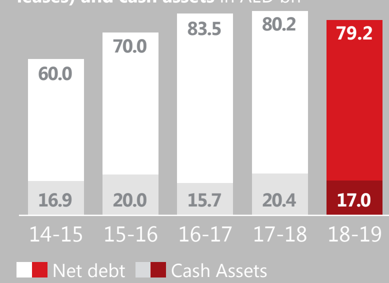
Net debt (including aircraft operating leases) to equity ratio in %



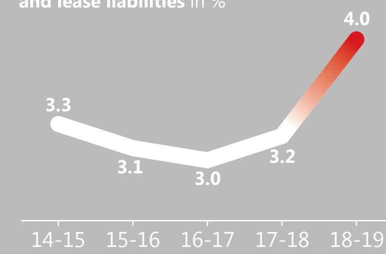
Net debt (including aircraft operating leases) to EBITDAR ratio in %



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



Effective interest rate on borrowings and lease liabilities in %



Debt

Emirates' borrowings and lease liabilities increased to AED 53.0bn, up by 3.8% or AED 1.9bn compared to the previous year (2017-18: AED 51.1bn). This was driven by the delivery of 10 new aircraft and accommodation units obtained through finance lease structures offset by the repayments of amortising bonds, finance lease liabilities and term loans.

The non-current portion of borrowings and lease liabilities amounted to AED 45.4bn (2017-18: 42.1bn) and represents 87% (2017-18: 86%) of the total non-current liabilities while the current portion of AED 7.6bn (2017-18: AED 9.0bn) accounted for 20% (2017-18: 22%) of the total current liabilities.

Net debt to equity ratio

The ratio of borrowings and lease liabilities to total equity increased to 141% (2017-18: 138%) due to an increase in debt.

The net debt including aircraft operating leases to equity ratio dropped to 209.8% (2017-18: 216.4%) due to impacts of higher net debt, lower aircraft operating lease commitments and increase in equity.

Net debt to EBITDAR ratio

The net debt including aircraft operating leases to EBITDAR ratio increased to 326.0% (2017-18: 321.0%), due to lower EBITDAR (down by 2.7%).

Debt repayment 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 thus allowing the use of surplus cash for investment purposes. As at the balance sheet date, all of our debt was amortising in nature.

Debt collateralisation

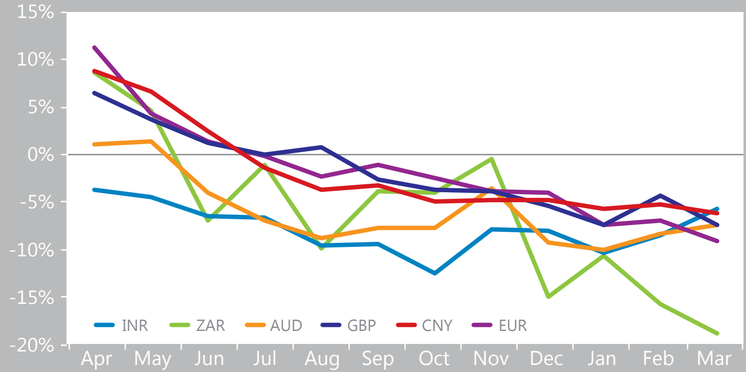
Of the total debt of AED 53.0bn, 86% or AED 45.7bn (2017-18: AED 45.1bn) is secured against property, plant and equipment. The remaining debt of AED 7.3bn (2017-18: AED 6.0bn) is adequately covered against the carrying value of unencumbered assets (property, plant and equipment) amounting to AED 29.8bn (2017-18: AED 27.1bn).

Interest rate risk

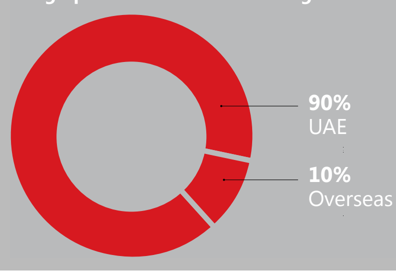
With our ongoing fleet expansion, we continue to use natural hedges and other prudent hedging solutions such as swaps to manage our interest rate exposures. We target a risk-managed portfolio approach, whilst taking advantage of market movements, with long-term view of hedging around half of our interest rate risk exposures. Borrowings and lease liabilities (net of cash) including the off balance sheet aircraft on operating leases at 31 March 2019, comprise 65% on a fixed interest rate basis with the balance of 35% on floating interest rates.

At 31 March 2019, borrowings and lease liabilities carried an effective interest rate of 4.0% (2017-18: 3.2%) which increased due to the hike in LIBOR.

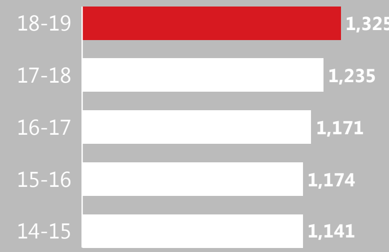
Currency development Graph represents the monthly % change of our six major currency rates compared with previous year (2017-18)



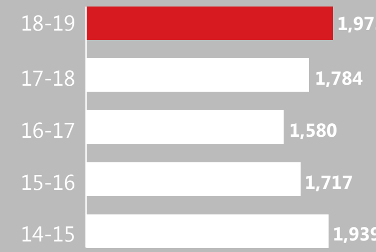
Geographical work force including subsidiaries in %



Capacity per airline employee in ATKM '000



Revenue per airline employee in AED '000



Employee strength (in numbers)	**2018-19**	**2017-18**	**% change**
UAE			
Cabin crew	21,691	23,135	(6.2)
Flight deck crew	4,134	4,157	(0.6)
Engineering	3,330	3,374	(1.3)
Others	12,958	13,189	(1.8)
Total UAE	**42,113**	**43,855**	**(4.0)**
Overseas stations	5,695	5,885	(3.2)
Total airline	**47,808**	**49,740**	**(3.9)**
Subsidiary companies	**12,474**	**12,616**	**(1.1)**
Average employee strength	**60,282**	**62,356**	**(3.3)**

Currency risk

Nearly 36% of our transport revenues are generated in US Dollar or in countries which have currencies pegged to USD.

Currencies were highly volatile this year for our markets in the Indian subcontinent, Africa, Australia and South America.

We generate a substantial net surplus in Euro, Pound Sterling, Australian Dollar, Indian Rupee, Chinese Yuan, South African Rand, Swiss Franc, Japanese Yen and Pakistani Rupee. 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.

The foreign currency graph depicts the percentage change in average monthly currency rates of our six major currencies compared with the previous year.

With the strengthening of US Dollar against global currencies, our revenue generation in the Indian subcontinent and Australia suffered in AED terms. We were also impacted by sizable currency devaluations in Africa.

The movements in exchange rates compared to the previous year had an overall adverse impact of AED 0.6bn on Emirates operating results (2017-18: positive impact AED 0.7bn). The following six currencies account for circa 44% (2017-18: 44%) of our transport revenue:

Currency average rate (in AED)			
	2018-19	**2017-18**	**% change**
INR	0.053	0.057	(7.0)
ZAR	0.268	0.286	(6.3)
AUD	2.675	2.846	(6.0)
GBP	4.808	4.907	(2.0)
CNY	0.546	0.557	(2.0)
EUR	4.243	4.325	(1.9)

Employee strength and productivity

The average workforce fell by 3.3% to 60,282.

The average number of employees in the airline decreased by 1,932 or 3.9% to 47,808. Employee numbers have fallen across the business driven by a recruitment slowdown, natural attrition arising from retirements and resignations. New ways of working driven by technology, better processes and people management led to higher productivity.

Overseas station employee numbers declined by 3.2% to 5,695 (2017-18: 5,885).

On an average, workforce in the subsidiary companies marginally reduced compared to the prior year.

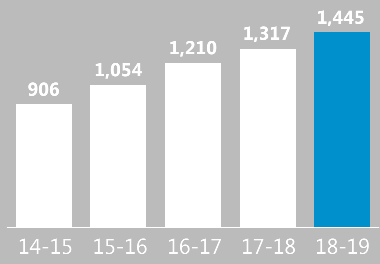
The airline's employee productivity related key performance indicators improved due to the growth in revenues and capacity and the reduction in employee count:

- Revenue per airline employee has improved to AED 1,975 thousand (2017-18: AED 1,784 thousand), a 10.7% upside due to growing airline revenues and a reduction in employee numbers.
- Capacity per airline employee is up 7.3% at 1,325 thousand ATKM (2017-18: 1,235 thousand ATKM) due to a 3.1% increase in capacity and a 3.9% reduction in airline employee count.
- The load carried per airline employee improved to 885 thousand RTKM (2017-18: 829 thousand RTKM), up by 6.8% due to a 2.6% upside on overall load carried and a drop in airline workforce.

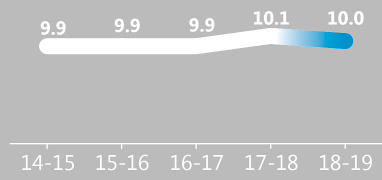
FINANCIAL COMMENTARY

DNATA

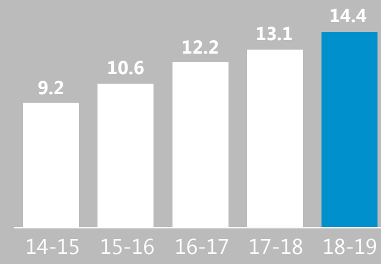
Profit attributable to the Owner in AED m



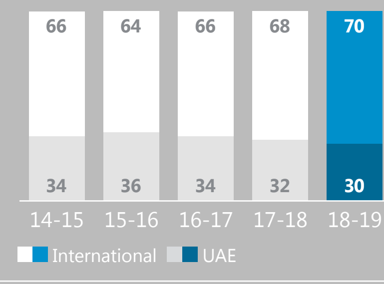
Profit margin in %



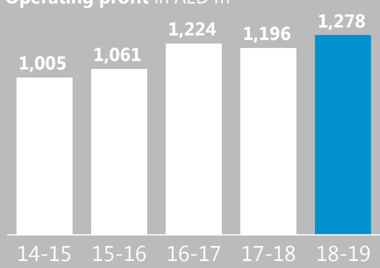
Total revenue trend in AED bn



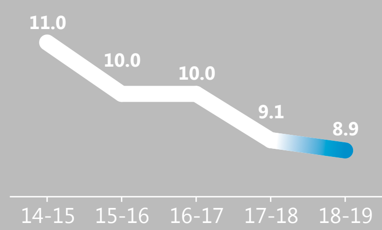
Geographical revenue in %



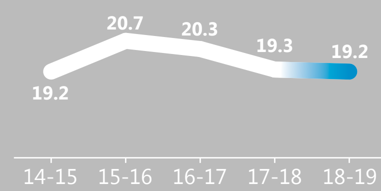
Operating profit in AED m



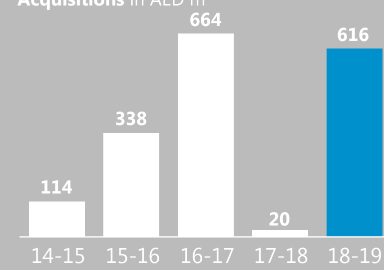
Operating margin in %



Return on shareholder's funds in %



Acquisitions in AED m



dnata marked its 60th year of operations with strong revenues, profits and cash reserves as we marched ahead in our journey to become the leading, most admired and globally recognised air-services provider.

dnata's growth story, over the last 10 years, has been phenomenal with our presence now in 37 countries leading to significant increases in revenues and profits. The two-pronged growth strategy of international acquisitions, which add leverage to our core operations and are aligned to our values, and organic expansion continue to bring great results. A diversified business model underpinned by excellent customer service helped dnata add one more successful chapter to its history.

All four core lines of business – international airport operations, travel services, UAE airport operations and inflight catering saw sturdy growth in revenues. This year's profits, however, were augmented by one-off income from the divestment of our 22% stake in Hogg Robinson Group plc ("HRG").

dnata continued to lay the foundations for future growth by investing AED 1.2bn in new facilities and equipment, acquisitions and leading-edge technologies.

Acquisitions

In the financial year 2018-19, dnata expanded its presence through acquisitions primarily in inflight catering and travel businesses, and reached new markets and customers in Australia, the US, Europe and the UAE.

In Australia, our inflight catering business grew after the 100% acquisition of the catering business of Qantas Airways comprising of Qantas Catering Group Limited ('Q catering') and Snap Fresh Pty Limited ('Snap Fresh')- together 'Qantas Catering'. Q catering has centres in four Australian ports – Sydney, Melbourne, Brisbane and Perth, with its largest airline customer being Qantas. Under the agreement, dnata will supply catering to Qantas flights for an initial period of ten years. Snap Fresh operates an off-airport food development, production and preparation facility, which caters to a wide range of industries. In the US, we acquired a majority stake in 121 Group International LLC ('121 Inflight Catering'), an inflight catering business servicing commercial airlines and private jets.

In our travel business, we increased our share in the European market through acquisitions in Germany; 100% stake was acquired in Tropo GmbH ('Tropo') and 73% in BD4 Travel Limited ('BD4travel'). Tropo is a tour and travel operator and BD4travel is an award-winning technology company that provides artificial intelligence (AI) driven IT solutions to online travel agencies.

In our UAE airport operations, we acquired a 70% stake in Dubz Holding Limited ('DUBZ'), a group which specialises in home and hotel check-in services for airline passengers in Dubai. We also increased our stake in Bolloré Logistics LLC, one of the country's largest logistic solutions providers, and became sole owners of Dubai Express LLC and Freightworks Logistics LLC. They are Dubai-based international multimodal freight forwarders, logistics and supply chain providers.

In our international airport operations we increased our stake in Airport Handling SpA, a Milan based ground handler, from 30% to 70%.

Profitability

Profit attributable to the Owner stood at AED 1.4bn (2017-18: AED 1.3bn) and cash assets increased to highest-ever AED 5.1bn (2017-18: AED 4.9bn). The financial year 2018-19 also saw the completion of divestment of our minority stake in HRG. The gain recorded on this disposal, amounting to AED 321m, is included within 'other operating income'.

Our continued focus on quality, safety, people, and customers reaped benefits this year. We continued to drive efficiencies across all our businesses in costs, processes and resources. However, these gains were diminished by one-time charges recognised in relation to impairments in Plafond, our Dubai based fit-out company, and legal claims in the US.

Our operating profit margin was almost consistent at 8.9% (2017-18: 9.1%) and our profit margin closed at 10.0% (2017-18: 10.1%).

The return on shareholder's funds remained healthy at 19.2% (2017-18: 19.3%).

Total revenue (including other operating income)

dnata's total revenue grew strongly by 10.3% to AED 14.4bn (2017-18: AED 13.1bn).

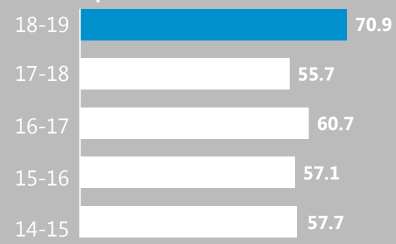
Revenue from all major lines of business set new records. The highest growth of 22.6% or AED 0.5bn was achieved by our inflight catering business, chiefly as a result of acquisitions made during the year.

Overall, the share of geographic revenue from operations outside the UAE continues to grow and stands at 70% (2017-18: 68%). This is consistent with dnata's strategy to grow its international businesses in a sustainable manner.

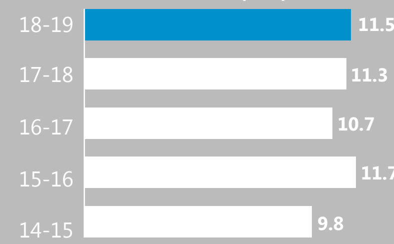
Revenue by Line of Business

Revenue in AED m	**2018-19**	**2017-18**	**% change**	**% of total**
International airport operations	3,997	3,803	5.1	28.8
Travel services	3,678	3,384	8.7	26.5
UAE airport operations	3,223	3,153	2.2	23.2
Inflight catering	2,630	2,146	22.6	18.9
Other services	360	445	(19.1)	2.6
Total	**13,888**	**12,931**	**7.4**	**100.0**

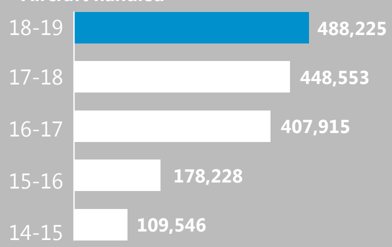
Catering
- Meals uplifted number in millions



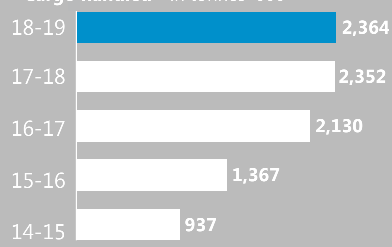
Travel services
- Total Transaction Value (TTV) in AED bn



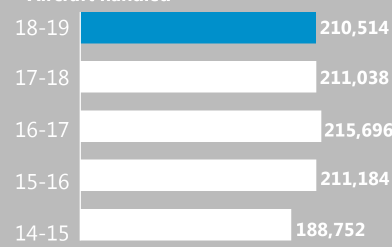
International airport operations
- Aircraft handled



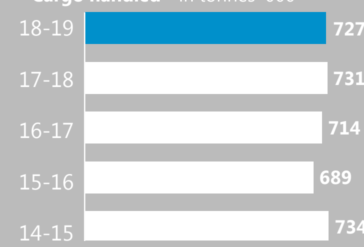
International airport operations
- Cargo handled - in tonnes '000



UAE airport operations
- Aircraft handled



UAE airport operations
- Cargo handled - in tonnes '000



International airport operations

International airport operations continues to be the largest business segment of dnata by revenue. As a result of organic growth, this business showed a 5.1% improvement in revenue to AED 4.0bn (2017-18: AED 3.8bn). The quality of service and high safety standards helped us win new contracts and retain existing customers. We also commenced services in more airports and invested in new facilities.

This year we inked over 115 contracts with new or existing customers in important markets. New ground handling services were launched at Los Angeles airport in the US - our 83rd ground handling station. Cargo handling operations expanded to Belgium by the opening of a new 14,000 m² cargo centre at Brussels airport. Additional investments were made at London Gatwick and Manchester airports to cater to our customers' demand. New contracts won this year and in the last half of 2017-18, boosted revenues in the US, Brazil, Italy and the UK.

This year, the Australian Dollar and Brazilian Real weakened against the UAE Dirham and had an unfavourable impact on revenue.

We also completed 25 years at our 1st overseas operation, Gerry's dnata in Pakistan. Growth in terms of aircraft handled was 8.8% to 488,225 (2017-18: 448,553) whilst cargo tonnage handled was marginally up at 2,364 thousand tonnes (2017-18: 2,352 thousand tonnes).

Travel services

Travel services revenue forms 27% (2017-18: 26%) of dnata's revenue which increased by 8.7% to AED 3.7bn (2017-18: AED 3.4bn). This was driven by growth in trading volumes in our UK businesses. Holiday package sales, operating under the brand name of Emirates Holidays, witnessed a sharp uplift. The acquisitions made in Germany this year, namely Tropo and BD4travel, and Destination Asia - acquired last year, helped increase revenue by 3.3%.

The underlying Travel services related turnover measured by Total Transaction Value (TTV) marginally increased to AED 11.5bn (2017-18: AED 11.3bn), in spite of tough trading conditions across the UAE and the UK. Our travel business in Europe now accounts for 83% of dnata travel revenue.

This year also saw our contact centre division taking over Etihad's Global Contact Centre operations for a 5-year term.

UAE airport operations

UAE airport operations touched revenue of AED 3.2bn (2017-18: AED 3.2bn). The growth of 2.2% primarily comes from ground handling operations at Dubai International Airport (DXB) and as a result of full ownership in Dubai Express and Freightworks, previously our associate companies. Our 'marhaba' offerings continued to contribute to the growth as they welcomed their one millionth customer in Dubai and celebrated the 1st anniversary of their lounge in Melbourne.

Volumes for both aircraft and cargo handled have marginally declined from the previous year, due to the reduction in traffic in and out of DXB primarily relating to Qatar.

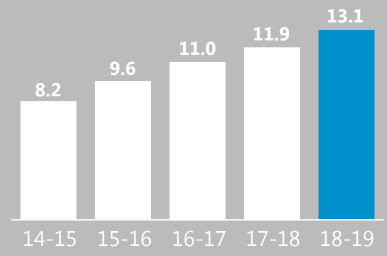
Inflight catering

Revenue from catering activities forms 19% (2017-18: 17%) of dnata's revenue which accelerated by 22.6% to AED 2.6bn (2017-18: AED 2.1bn). This was due to the acquisitions of the catering business of Qantas Airways which has nearly doubled our share of the Australian inflight catering market. Also the acquisition of 121 Inflight Catering, a New York based inflight caterer for VIP and commercial airlines, aided in increasing the top line. Organic growth, through new customers, was achieved in the UAE, Romania and Czech Republic. Similar to international airport operations, the Australian Dollar's depreciation against the UAE Dirham negatively impacted this year's inflight catering revenue.

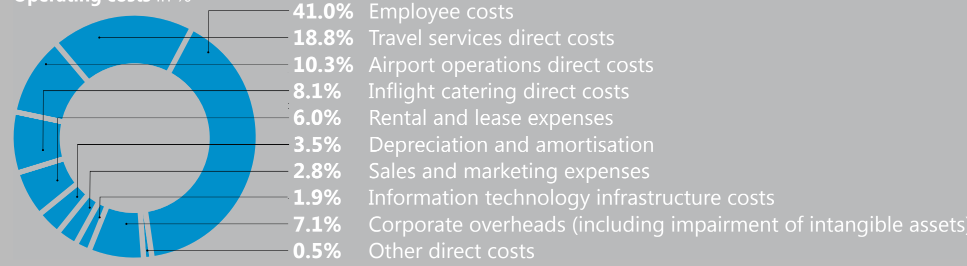
Our Australian operations also saw the inauguration of an ultra-modern catering facility in Canberra with an investment of AUD 6.5m. This facility has the capacity to produce more than 60,000 meals a month for commercial and charter airlines.

Meals uplifted during the financial year rose by 27.2% to 70.9m (2017-18: 55.7m), resulting from the new businesses on-boarded and stronger volumes in existing businesses.

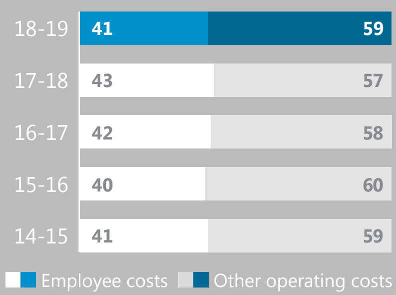
Operating costs in AED bn



Operating costs in %



Employee cost as % of total operating costs



Operating costs in AED m	**2018-19**	**2017-18**	**% change**	**2018-19 as % of operating cost**
Employee costs	5,386	5,055	6.5	41.0
Direct costs				
- Travel services	2,476	2,135	16.0	18.8
- Airport operations	1,350	1,293	4.4	10.3
- Inflight catering	1,070	843	26.9	8.1
- Other	67	130	(48.5)	0.5
Rental and lease expenses	788	688	14.5	6.0
Depreciation and amortisation	459	440	4.3	3.5
Sales and marketing expenses	370	381	(2.9)	2.8
Information technology infrastructure costs	246	210	17.1	1.9
Corporate overheads (including impairment of intangible assets)	929	703	32.1	7.1
Total operating costs	**13,141**	**11,878**	**10.6**	**100.0**

Expenditure

dnata's operating costs stood at AED 13.1bn (2017-18: AED 11.9bn), an increase of 10.6% compared to last year.

Overall, the increase in operating costs was due to acquisitions made during the year and organic growth in all existing lines of business. The results were also negatively impacted by one-time charges recognised towards impairments of intangible assets and trade receivables of Plafond. Weakening of global currencies against the US Dollar neutralised these impacts partially.

Employee costs

Employee costs, which form 41% (2017-18: 43%) of total operating costs, increased by 6.5% to AED 5.4bn (2017-18: AED 5.1bn). Qantas Catering and 121 Inflight Catering acquisitions are the major factors in driving the employee costs up. More than 2,200 employees joined our workforce as a result of these acquisitions. Further, growth in our airport operations business (being staff intensive) primarily in the US, Italy, Australia and Brazil also led to the increase in cost.

Direct costs

Direct costs form 38% (2017-18: 37%) of total operating costs. These costs were 12.8% higher than the previous year, at AED 5.0bn (2017-18: AED 4.4bn).

The volume growth in our UK travel portfolio particularly Emirates Holidays and the acquisitions of Tropo and BD4travel lifted the direct costs for travel services by 16% to AED 2.5bn (2017-18: AED 2.1bn). These costs include the cost for travel packages sold where dnata acts as the principal and recognises revenue on a gross basis. Moreover, the tough operating environment in the UK put the margins under pressure, resulting in direct costs outpacing the increase in revenue.

Direct costs in Airport operations were AED 1.4bn (2017-18: AED 1.3bn) and increased by 4.4% due to the growing footprint in the US and increased stakes in our UAE businesses.

Inflight catering related direct costs were AED 1.1bn (2017-18: AED 0.8bn), increasing by 26.9% principally due to new acquisitions.

The reduction in 'Other' direct costs is the result of reduced activity in Plafond.

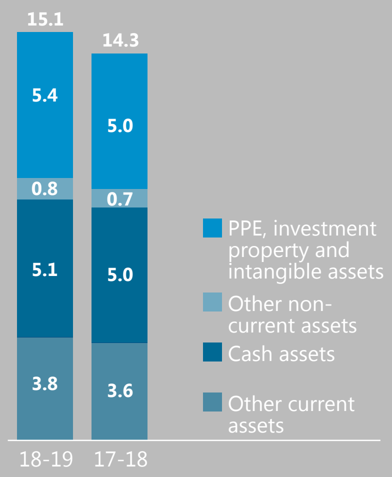
Other operating costs

Rental and lease expenditure stood at AED 788m (2017-18: AED 688m), an increase of 14.5% driven primarily by new kitchen facilities in Australia, Ireland and the US.

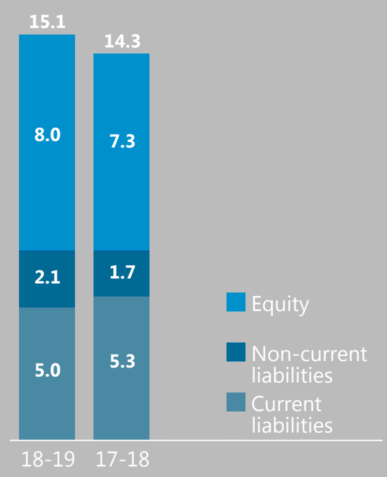
Depreciation and amortisation is higher compared to previous year due to tangible and intangible assets added from acquisitions and investments made across all four business units, particularly in ground support equipment ('GSE') fleet and new kitchen facilities.

Corporate overheads at AED 929m (2017-18: AED 703m) were up 32.1% due to impairment of intangible assets and receivables in Plafond.

Assets in AED bn



Equity and liabilities in AED bn



Assets in AED m	2018-19	2017-18	change	% change
PPE, investment property and intangible assets	5,424	4,987	437	8.8
Other non-current assets	772	731	41	5.6
Cash assets	5,122	4,945	177	3.6
Other current assets*	3,773	3,629	144	4.0
Total	**15,091**	**14,292**	**799**	**5.6**

*including asset classified as held for sale

Equity and liabilities in AED m	2018-19	2017-18	change	% change
Equity	8,027	7,282	745	10.2
Non-current liabilities	2,126	1,734	392	22.6
Current liabilities	4,938	5,276	(338)	(6.4)
Total	**15,091**	**14,292**	**799**	**5.6**

Statement of financial position

Assets

Total assets grew by 5.6% or AED 0.8bn to AED 15.1bn (2017-18: AED 14.3bn).

Property, plant and equipment ('PPE'), investment property and intangible assets stood at AED 5.4bn (2017-18: AED 5.0bn), increasing by 8.8% due to new acquisitions and various investments made across all four lines of business to support the growing operations.

The net increase in PPE of AED 0.4bn was driven by new acquisitions in Australia, the US, Germany and the UAE, which increased PPE by AED 181m. We also made significant investments in our GSE – choosing green or hybrid options. New GSE fleet was acquired both in the UAE and in our international businesses, predominantly in the US to handle new operations in Nashville, Baltimore and Los Angeles. Further, in January 2019, our inflight catering division inaugurated a new state-of-the-art kitchen facility in Canberra, Australia to enhance service offerings while our travel business added a new office building in the UK.

Intangible assets of AED 3.0bn (2017-18: AED 2.8bn) form 49% of dnata's non-current assets. New acquisitions added AED 404m to goodwill and other intangible assets. Goodwill continues to form the largest portion of the intangible asset portfolio at 72% (2017-18: 74%) which is validated on an annual basis through impairment testing. This year, an impairment charge of AED 78m was taken on our investment in Plafond, as future cash flows struggled to support the carrying value of goodwill and customer relationship assets in a difficult market.

dnata continues to invest in the latest technology to stay ahead of its competition, making sizable additions in cyber security, financial systems, travel related websites and other technological developments.

A strong US Dollar reduced the value of PPE and intangible assets by AED 220m.

Investments accounted for using the equity method (including those classified as held for sale) stood at AED 503m (2017-18: AED 519m). This drop was due to the sale of our stake in HRG offset to some extent by an increased stake in Bolloré Logistics.

Inventory levels increased by 64% to AED 143m (2017-18: AED 87m) due to higher food and beverages related stock in our catering businesses – largely in Australia and the US.

Trade and other receivables, increased by AED 98m or 2.7% to AED 3.7bn (2017-18: AED 3.6bn), resulting from the organic growth across all business lines, partly offset by impairment of receivables in Plafond.

Equity

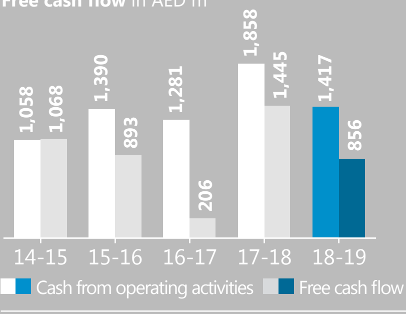
Total equity at AED 8.0bn (2017-18: AED 7.3bn) reflects a growth of 10.2% over the last year due to record profits for the year. During the year, we declared a dividend of AED 500m to the Owner.

Liabilities

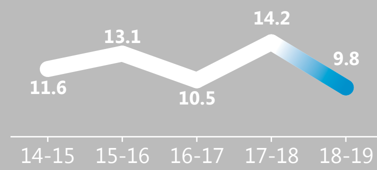
Borrowings and lease liabilities increased by 39% to AED 1.6bn (2017-18: AED 1.2bn). Term loans form almost 90% of the total borrowings and lease liabilities. The increase in term loans of AED 0.4bn was due to loans taken to fund new acquisitions, amounting to AED 613m reduced by repayments of AED 156m. A strong US Dollar positively impacted this balance.

Trade and other payables stood at AED 4.6bn (2017-18: AED 5.0bn), a decrease of 9.1% due to the settlement of previous year's dividend amounting to AED 1bn, offset by the current year dividend payable of AED 0.5bn.

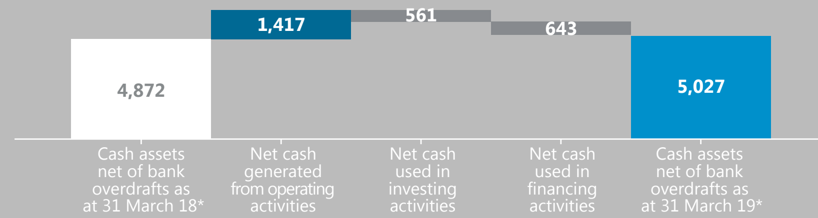
Free cash flow in AED m



Operating cash margin in %

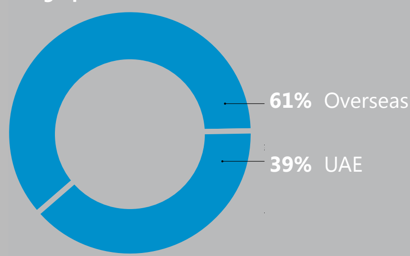


Cash flow in AED m

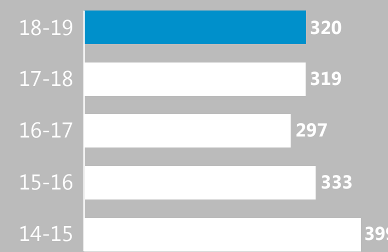


* Includes the effects of exchange rate changes

Geographical work force in %



Total revenue per employee in AED '000



Employee strength (in numbers)

	2018-19	2017-18	% change
International airport operations	17,959	16,138	11.3
UAE airport operations	12,785	12,336	3.6
Inflight catering	7,041	4,761	47.9
Travel services	4,548	4,257	6.8
Others	2,671	3,515	(24.0)
Average employee strength	**45,004**	**41,007**	**9.7**

Cash position

Cash from operating activities

Cash generated from operating activities closed at AED 1.4bn (2017-18: AED 1.9bn), down by AED 0.5bn from last year's record number. As a result, operating cash margin fell to 9.8% (2017-18: 14.2%). This reduction is primarily driven by increased investment in working capital due to dnata's entry into new markets. Also, difficult economic conditions in certain markets put pressure on the operating cash flows.

Cash assets

Cash assets increased by 3.6% to AED 5.1bn (2017-18: AED 4.9bn). In addition to generation of cash from operating activities of AED 1.4bn, dnata used AED 0.6bn in investing activities and another AED 0.6bn in financing activities. Cash used in investing activities of AED 0.6bn represents dnata's investment of AED 1.2bn in new acquisitions and other non-current assets, offset by cash inflows of AED 0.4bn from the disposal of our ownership interest in HRG and interest income of AED 0.1bn. With regards to financing cash outflows of AED 0.6bn, dnata paid a dividend of AED 1bn to the Owner and generated AED 0.4bn - net from proceeds of loans and lease liabilities.

Employee strength and productivity

Employee strength

The average workforce increased by 9.7% compared to last year and stands at 45,004 (2017-18: 41,007).

With the sizable acquisitions and growth in labour intensive international airport operations, the workforce employed overseas now forms 61% (2017-18: 57%) of the total.

International airport operations employs 40% of our group workforce (2017-18: 39%) and continues to be the largest business division of dnata in terms of workforce with an employee count of 17,959. The increase is due to the significant expansion of operations in Europe and the Americas.

UAE airport operations workforce increased marginally by 3.6% to 12,785 (2017-18: 12,336) as a result of our UAE based acquisitions.

Our inflight catering business saw the largest increase in workforce this year with staff number growing by 47.9% to 7,041 (2017-18: 4,761). Most of this increase came from acquisitions in Australia and the US.

Average employee count for Travel services increased by 6.8% to 4,548 (2017-18: 4,257) primarily due to the strengthening of our workforce in our Contact Centre to service the recently won contract to run global contact centres of Etihad Airways. The acquisition of Tropo and BD4travel in Germany also increased our overall staff strength.

Staff numbers in 'Others' fell by 24.0% to 2,671 (2017-18: 3,515) as a result of significant reduction in the Plafond workforce as the business battles difficult trading and economic conditions.

Productivity

Total revenue per employee was stable at AED 320 thousand (2017-18: AED 319 thousand) as dnata integrates the newly acquired businesses and continues its expansion journey.

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Independent Auditor's Report to the Owner of Emirates

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 2019, 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 2019;
- the consolidated statement of comprehensive income for the year ended 31 March 2019;
- the consolidated statement of financial position as at 31 March 2019;
- the consolidated statement of changes in equity for the year ended 31 March 2019;
- the consolidated statement of cash flows for the year ended 31 March 2019; 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 among 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	• Passenger and cargo revenue recognition • Accounting for the "Skywards" frequent flyer programme • Lease classification and the related lease accounting • Provision 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.

Independent Auditor's Report to the Owner of Emirates (continued)

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DNATA
GROUP
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EMIRATES FINANCIAL COMMENTARY
DNATA FINANCIAL COMMENTARY
EMIRATES CONSOLIDATED FINANCIAL STATEMENTS
DNATA CONSOLIDATED FINANCIAL STATEMENTS
ADDITIONAL INFORMATION

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
Passenger and cargo revenue recognition When a flight booking is made, passenger and cargo revenue is measured based on the sales price to the customer and allocated to each performance obligation under the contract. Revenue is initially deferred on the consolidated statement of financial position and subsequently recognised in the consolidated income statement when the related performance obligation has been fulfilled (typically when a passenger or the cargo has flown) (refer to notes 2, 3, 5 and 29 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 accounting for passenger and cargo revenue is susceptible to management override of controls through the recording of manual journals in the accounting records, the override of IT systems to accelerate revenue recognition, or the manipulation of inputs used to calculate revenue recorded in respect of unused revenue documents. The timing of revenue recognition for unused revenue documents requires judgement due to the timeframe over which revenue documents can be utilised and 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 their terms and conditions and historical expiry trends. We focused on this area as a result of the complexity of the related IT systems, the potential for management override of controls and the level of judgement required by management in determining the timing of recognition of unused revenue documents.	We performed detailed end-to-end walkthroughs of the finance and operational processes surrounding the revenue systems, utilising our understanding of the industry and Emirates, to assess the design effectiveness of the related key internal controls and identify changes, if any. We tested the operating effectiveness of these key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. We tested the key IT systems, including interfaces that impact the recognition of revenue from passenger and cargo sales along with the IT change control procedures and related application controls. We performed tests of details over passenger and cargo revenue and substantively tested manual journal entries posted into relevant revenue accounts in the sub-ledgers 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 the accuracy of historical expiry data and compared this data to that used by Emirates in their calculation of the amount of revenue to recognise from unused revenue documents. We assessed whether the related disclosures in notes 2, 3, 5 and 29 to the consolidated financial statements are consistent with the requirements of IFRS.

Independent Auditor's Report to the Owner of Emirates (continued)

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 who 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 the consideration received for miles issued to Skywards members from sales to partners with a total value of AED 2,009 million (2018: AED 2,243 million), is recognised in the consolidated statement of financial position as deferred revenue (refer notes 2, 3 and 26 to the consolidated financial statements). Revenue is recognised in the consolidated income statement when the miles are redeemed by a customer and the underlying performance obligation relating to the redeemed miles is fulfilled. The fair value per mile is based on a relative standalone selling price calculated using a model incorporating a number of factors including historical sector average fares, historical 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 known future changes to the Skywards programme. This is a Key audit matter 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 understood the process and related controls by which deferred revenue is calculated; • we tested automated controls and key interfaces between the IT systems used to initially accrue and subsequently redeem the Skywards miles for each member; • we reconciled the Skywards miles issued and redeemed during the year, and the closing miles balance in the model to the underlying IT systems; • we tested the mathematical accuracy of management's model; • we tested the key assumptions within management's model, including agreeing historical expiry trends supporting the expiry percentage and agreeing historical sector average fares and historical fares for upgrades to underlying reports, discussing anticipated future changes to the Skywards programme that may impact expiry trends with appropriate senior management and testing ticket and upgrade availability to internal supporting evidence; and • we performed a sensitivity analysis on the key assumptions and variables used in management's model. We assessed whether the disclosures in notes 2, 3, and 26 to the consolidated financial statements are consistent with the requirements of IFRS.
Lease classification and the related lease accounting Emirates operates aircraft under both finance and operating lease arrangements and during the year has entered into sale and leaseback transactions on new aircraft deliveries (refer to notes 2, 3, 19 and 22 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 aircraft to Emirates by the end of the lease term; • whether Emirates has the option to purchase the aircraft at a price that is substantially 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 of lease classification and accounting for sale and leaseback transactions, 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 substantially 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 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 leaseback transactions on new aircraft resulting in an operating lease, we compared the fair values of the 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 from these transactions. We assessed whether the related disclosures in notes 2, 3, 19 and 22 to the consolidated financial statements are consistent with the requirements of IFRS.

Independent Auditor's Report to the Owner of Emirates (continued)

Key audit matter	How our audit addressed the Key audit matter
Provision for aircraft return conditions Emirates operated 148 aircraft under operating lease arrangements at 31 March 2019 (2018: 158). Under the terms of the operating lease arrangements with the lessors, Emirates is contractually committed to either return the aircraft and/or engines in a certain condition or to compensate the lessor based on the actual condition of the aircraft and/or engines at the date of return. Accordingly, a provision of AED 3,187 million (2018: AED 3,336 million) for the cost associated with these return conditions is recorded during the lease term and is included within Provisions (refer to notes 2, 3, 23 and 25 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 calculate the present value of 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 tested the completeness of the provision by ensuring that all significant return condition obligations included in aircraft operating lease contracts were included in the model. We reperformed the calculation to test the mathematical accuracy. To understand the methodology used by management, the following key assumptions were discussed 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 calculate the present value of the future liability. We compared historical utilisation of the aircraft to flying records and assessed if the future utilisation assumptions were considered reasonable 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 verified that 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 a 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. We assessed whether the related disclosures in notes 2, 3, 23 and 25 to the consolidated financial statements are consistent with the requirements of IFRS.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report (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)

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 year 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
5 May 2019

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

Consolidated Income Statement for the year ended 31 March 2019

	Note	2019 AED m	2018 AED m
Revenue	5	96,040	91,225
Other operating income	6	1,867	1,097
Operating costs	7	(95,260)	(88,236)
Operating profit		**2,647**	**4,086**
Finance income	8	497	375
Finance costs	8	(2,173)	(1,593)
Share of results of investments accounted for using the equity method	13	116	155
Profit before income tax		**1,087**	**3,023**
Income tax expense	9	(57)	(44)
Profit for the year		**1,030**	**2,979**
Profit attributable to non-controlling interests		159	183
Profit attributable to Emirates' Owner		**871**	**2,796**

Consolidated Statement of Comprehensive Income for the year ended 31 March 2019

Profit for the year		**1,030**	**2,979**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations	24	(60)	(6)
Items that are or may be reclassified subsequently to the consolidated income statement			
Currency translation differences	18	(4)	1
Cash flow hedges	18	(71)	155
Other comprehensive income for the year		**(135)**	**150**
Total comprehensive income for the year		**895**	**3,129**
Total comprehensive income attributable to non-controlling interests		159	183
Total comprehensive income attributable to Emirates' Owner		**736**	**2,946**

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

Consolidated Statement of Financial Position as at 31 March 2019

	Note	2019 AED m	2018 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	11	89,431	85,951
Intangible assets	12	1,574	1,496
Investments accounted for using the equity method	13	683	662
Advance lease rentals	14	4,619	5,065
Trade and other receivables	16	139	172
Derivative financial instruments	34	24	60
Deferred income tax assets	28	13	11
		96,483	**93,417**
Current assets			
Inventories	15	2,525	2,387
Advance lease rentals	14	602	586
Trade and other receivables	16	10,740	10,768
Derivative financial instruments	34	11	9
Short term bank deposits	32	11,974	14,745
Cash and cash equivalents	32	5,063	5,675
		30,915	**34,170**
Total assets		**127,398**	**127,587**

	Note	2019 AED m	2018 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	17	801	801
Other reserves	18	(60)	15
Retained earnings		36,408	35,638
Attributable to Emirates' Owner		**37,149**	**36,454**
Non-controlling interests		594	592
Total equity		**37,743**	**37,046**
Non-current liabilities			
Trade and other payables	29	155	123
Borrowings and lease liabilities	19	45,433	42,071
Deferred credits	27	2,437	2,621
Derivative financial instruments	34	81	26
Provisions	23	4,081	4,067
Deferred income tax liabilities	28	3	4
		52,190	**48,912**
Current liabilities			
Trade and other payables	29	26,795	29,303
Income tax liabilities		35	18
Borrowings and lease liabilities	19	7,606	9,030
Deferred revenue	26	2,009	2,243
Deferred credits	27	322	313
Derivative financial instruments	34	20	35
Provisions	23	678	687
		37,465	**41,629**
Total liabilities		**89,655**	**90,541**
Total equity and liabilities		**127,398**	**127,587**

The consolidated financial statements were approved on 5 May 2019 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 2019

	Attributable to Emirates' Owner					
	Capital AED m	**Other reserves** AED m	**Retained earnings** AED m	**Total** AED m	**Non-controlling interests** AED m	**Total equity** AED m
1 April 2017	801	(141)	33,848	34,508	586	35,094
Profit for the year	-	-	2,796	2,796	183	2,979
Other comprehensive income	-	156	(6)	150	-	150
Total comprehensive income	**-**	**156**	**2,790**	**2,946**	**183**	**3,129**
Non-controlling interest on acquisition of a subsidiary	-	-	-	-	(4)	(4)
Dividends	-	-	(1,000)	(1,000)	(173)	(1,173)
Transactions with Owners	**-**	**-**	**(1,000)**	**(1,000)**	**(177)**	**(1,177)**
31 March 2018	**801**	**15**	**35,638**	**36,454**	**592**	**37,046**
Impact on adoption of IFRS 15 (Note 2)	-	-	(41)	(41)	-	(41)
Adjusted 1 April 2018	**801**	**15**	**35,597**	**36,413**	**592**	**37,005**
Profit for the year	-	-	871	871	159	1,030
Other comprehensive income	-	(75)	(60)	(135)	-	(135)
Total comprehensive income	**-**	**(75)**	**811**	**736**	**159**	**895**
Dividends	-	-	-	-	(157)	(157)
Transactions with Owners	**-**	**-**	**-**	**-**	**(157)**	**(157)**
31 March 2019	**801**	**(60)**	**36,408**	**37,149**	**594**	**37,743**

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

Consolidated Statement of Cash Flows for the year ended 31 March 2019

	Note	2019 AED m	2018 AED m
Operating activities			
Profit before income tax		1,087	3,023
Adjustments for:			
Depreciation and amortisation	7	9,680	9,193
Finance costs - net	8	1,676	1,218
Net loss on sale of property, plant and equipment		95	82
Gain on sale of investments accounted for using the equity method		(33)	-
Share of results of investments accounted for using the equity method	13	(116)	(155)
Net provision for impairment of trade receivables	7	26	20
Provision for retirement benefit obligations	7	742	732
Net movement on derivative financial instruments		(3)	(3)
Payments of retirement benefit obligations		(648)	(617)
Income tax paid		(70)	(66)
Change in inventories		(138)	(145)
Change in advance lease rentals, trade and other receivables		530	(1,892)
Change in provisions, trade and other payables, deferred credits and deferred revenue		(2,300)	2,744
Net cash generated from operating activities		**10,528**	**14,134**

	Note	2019 AED m	2018 AED m
Investing activities			
Additions to property, plant and equipment	33	(4,545)	(3,279)
Additions to intangible assets	12	(259)	(209)
Proceeds from sale of property, plant and equipment		42	98
Acquisition of subsidiaries, net of cash acquired		-	(6)
Investments in associates and joint ventures	13	(74)	(5)
Proceeds from sale of investments accounted for using the equity method		84	-
Movement in short term bank deposits - over 3 months original maturity		2,771	(8,039)
Finance income		495	288
Dividends from investments accounted for using the equity method	13	126	175
Net cash used in investing activities		**(1,360)**	**(10,977)**
Financing activities			
Proceeds from bonds and term loans	20,21	8,268	5,584
Repayment of bonds and term loans	20,21	(5,512)	(3,981)
Aircraft finance lease costs		(1,366)	(1,157)
Other finance costs		(550)	(207)
Repayment of lease liabilities	22	(9,490)	(6,508)
Dividend paid to Emirates' Owner		(1,000)	-
Dividend paid to non-controlling interests		(157)	(173)
Net cash used in financing activities		**(9,807)**	**(6,442)**
Net change in cash and cash equivalents		**(639)**	**(3,285)**
Cash and cash equivalents at beginning of the year		5,675	8,958
Effect of exchange rate changes		(2)	2
Cash and cash equivalents at end of the year	32	**5,034**	**5,675**

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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 are 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 that are measured at fair value as stated in the accounting policies.

All amounts are presented in millions of UAE Dirham ("AED m").

New standards, amendments to published standards and interpretations that are relevant to Emirates

Effective and adopted in the current year

At the date of authorisation of these consolidated financial statements, certain new standards or amendments to the existing standards were effective for the current financial year and have been adopted by Emirates. These are as follows:

IFRS 9, Financial Instruments

IFRS 9 replaced IAS 39. The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and also new rules for hedge accounting.

Emirates adopted IFRS 9 from 1 April 2018. Emirates' financial assets comprising trade and other receivables (excluding prepayments), short term bank deposits and cash and cash equivalents were previously classified as 'Loans and receivables' and were measured at amortised cost under IAS 39. Emirates has assessed that these financial assets meet the conditions for classification and measurement at amortised cost under IFRS 9. Accordingly there is no impact on the measurement of Emirates' financial assets, while the classification of these assets changes from 'Loans and receivables' to 'Financial assets at amortised cost'.

There is no impact on Emirates' financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Emirates does not have such liabilities of significant value.

The new impairment model under IFRS 9 requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to trade receivables and other financial assets. For financial assets comprising of trade receivables, Emirates adopted the simplified approach allowed under IFRS 9, under which lifetime expected loss allowance is estimated to calculate provision. For all other financial assets, Emirates follows the 12-month expected credit loss model to calculate the impairment provision. This change did not have any significant impact on the loss allowance for these financial assets compared to the previous methodology.

IFRS 9 has substantially reformed the existing hedge accounting rules. It provides a more principles-based approach that aligns hedge accounting closely with risk management policies. Interest rate swaps and currency forwards in place as at 1 April 2018 qualified as cash flow hedges. Emirates risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges. Accordingly there is no material impact on Emirates' hedge accounting on adoption of IFRS 9.

2. Summary of significant accounting policies (continued)

IFRS 15, Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 which covered contracts for sale of goods and rendering of services and IAS 11 which covered 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 new five-step model that must be applied to all contracts with customers.

Emirates applied the modified retrospective method on transition to the new standard from 1 April 2018. Revenue from certain ancillary services such as administration fees which were previously recognised at the time of collection are now recognised when the related services are provided. The cumulative effect of this change was recognised on 1 April 2018 resulting in an increase in passenger and cargo sales in advance (disclosed within trade and other payables) of AED 41m with a corresponding impact in retained earnings. There was no other significant change to the method or timing of revenue recognition compared to the previous year. Following the adoption of IFRS 15, Emirates classifies the entire deferred revenue in respect of its frequent flyer programme ('Skywards') as a current liability as Emirates does not control the timing of the miles being utilised by the customer. The deferred revenue balance was previously classified as current and non-current liabilities based on expected redemption patterns. Prior year comparative balances have been re-presented to ensure amounts are comparable.

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new accounting standards have been published that are not mandatory for the financial year ended 31 March 2019, and have not been early adopted. The following new standard will have an impact on Emirates and management has performed an initial estimate of its impact.

IFRS 16, Leases (effective for Emirates from 1 April 2019)

IFRS 16 will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance lease is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Leases are capitalised by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. An optional exemption exists (which Emirates will avail) for short-term and low-value leases.

The standard will have a significant impact on the Emirates consolidated financial statements considering the number of aircraft and other operating leases in its portfolio with future minimum lease payments under operating leases at 31 March 2019 amounting to AED 75 billion (Note 22).

The consolidated statement of financial position will be impacted by the recognition of a right-of-use asset and a lease liability related to these assets. In respect of the consolidated income statement, there will be an impact as the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating lease charges will be replaced with interest and depreciation expense. With Emirates' young fleet, the application of IFRS 16 is expected to result in a higher charge in the consolidated income statement for the year ending 31 March 2020 compared to the expense based on IAS 17. Further, operating cash flows will be higher as cash payments for the lease liability will be classified within financing activities. Under IFRS 16, provisions for aircraft return conditions will form part of the right-of-use asset from inception of the lease and will be depreciated over the lease term. The associated provision will be recognised at present value with the associated finance cost being charged to the consolidated income statement as a finance expense over the lease term.

Emirates will apply the modified retrospective method on transition to the new standard from 1 April 2019 and comparatives will not be restated. Right-of-use assets will be measured at the lease commencement date using Emirates' incremental borrowing rates as if the new rules had always been applied, i.e. the cumulative depreciation impact from the lease commencement date to the date of transition will be reflected in the initial measurement of right-of-use asset. Lease liabilities will be determined based on Emirates' incremental borrowing rates and rates of exchange at the date of transition (1 April 2019) and will incorporate extension options only if considered likely based on fleet plans.

Upon adoption of IFRS 16 on 1 April 2019, Emirates' assets and liabilities are estimated to increase in the range of AED 50 – 54 billion and AED 58 – 62 billion respectively, depending on the outcome of certain contracts which are in negotiation stages.

There are no other new standards, amendments or interpretations, that are either effective or not yet effective, and would be expected to have a material impact on Emirates.

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.

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

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 value of the assets transferred, liabilities acquired, fair value of any contingent consideration arrangements and the 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 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.

Revenue

Passenger (including excess baggage) and cargo sales are recognised as revenue when each performance obligation for the transportation service is fulfilled and is presented net of discounts. Revenue is allocated to each performance obligation based on the relative stand-alone selling price related to each performance obligation. 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. Passenger ticket related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of service to the customer.

Where Emirates acts as an agent between the service provider and the end customer, the net commission is recognised as revenue on satisfaction of the performance obligation (which is typically the date of sale).

2. Summary of significant accounting policies (continued)

Revenue (continued)

Revenues from the sale of consumer goods, food and beverages and catering operations is recognised when the control of goods is transferred to the customer and are stated net of discounts and returns.

All other revenues, including revenue from hotel operations, are recognised net of discounts and taxes, when the respective performance obligations are satisfied.

Frequent flyer programme ('Skywards')

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 Skywards miles (predominantly accrued through sale of flight tickets or purchase of miles by programme partners) as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale allocated to Skywards miles is based on their relative stand-alone selling price, adjusted for expected expiry and the extent to which the demand for an award cannot be met, and is recorded under current liabilities as 'deferred revenue'. The stand-alone selling price is determined based on an adjusted market assessment approach, using estimation techniques and taking into consideration the various redemption options available to Skywards members. Marketing income earned from partners associated with the programme is recognised when the miles are issued.

Revenue from redemption of miles 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.

Liquidated damages

Income from claims for liquidated damages on aircraft and related assets 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.

Finance income and costs

Interest income and costs are recognised on a time proportion basis using the effective interest method.

Foreign currency translation

Emirates' consolidated financial statements are presented in UAE Dirham ("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, comprehensive income and cash flow statements of subsidiaries are translated into AED 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 AED 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 subsidiaries, associates, joint ventures or net investment in a foreign operation are disposed of, the related translation differences previously 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. Exchange differences arising are recognised in other comprehensive income.

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 substantively 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 and impairment. Cost consists of the purchase cost, together with any incidental expenses of acquisition. Emirates receives credits from manufacturers in connection with the acquisition of certain aircraft and engines. These credits are recorded as a reduction to the cost of the related aircraft and engines.

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	15 - 18 years (residual value nil - 10%)
Aircraft spare 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 including engine restoration (presented within other property, plant and equipment) is capitalised and 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 that 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.

2. Summary of significant accounting policies (continued)

Finance and operating leases

Where property, plant and equipment has 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 as finance costs 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 and subsequent future lease payments are 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 accounted for as a deferred credit and amortised over the period for which the asset is expected to be used.

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, the amount of any non-controlling interest in the acquired entity and the 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	3-7 years

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

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement.

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, non-aircraft related assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). In respect of aircraft and related assets, these assets are assessed for impairment at the Emirates' network level. Non-financial assets other than goodwill are reviewed at the end of each reporting period for possible reversals of historic impairment losses.

Financial assets

Financial assets are classified in accordance with IFRS 9 as 'Financial assets at amortised cost' which consists of financial assets that are debt instruments and are intended to be held to maturity on the basis of Emirates business model. Furthermore, these instruments have fixed payment terms and meet the criteria for cash flow characteristics i.e. contractual payments of principal and interest. At Emirates, this category includes trade and other receivables (excluding prepayments), short term bank deposits and cash and cash equivalents. They are classified as non-current or current assets according to their remaining maturity at the balance sheet date.

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:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items; and
- at the inception of the hedging relationship there is a formal designation and documentation of the hedging relationship, including Emirates' risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how Emirates will assess the hedging instrument's effectiveness; and
- there is an economic relationship between the hedged item and the hedging instrument; and
- effect of credit risk does not "dominate the value changes" that results from the economic relationship. The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that Emirates actually hedges and the quantity of the hedging instrument that Emirates actually uses to hedge that quantity for hedged item.

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 IFRS 9, any cumulative gain or loss existing in equity at that time is retained in equity and is ultimately recognised in the consolidated income statement when the forecasted transaction occurs. If a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The gain or loss on the ineffective portion is recognised in the consolidated income statement.

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

2. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on the weighted average cost basis.

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. Emirates utilises the simplified approach which uses lifetime expected loss allowances to calculate impairment provisions on trade receivables. In the prior year, the impairment of trade receivables was recognised based on the incurred loss model. Specific loss allowances are also recognised when Emirates become aware of a customer experiencing financial difficulty. Trade receivables are written off once management has determined that such amount will not be recovered.

Borrowings

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

Provisions

Provisions are recognised when Emirates 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.

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 over 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 retirement 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 maturities of less than one 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 make strategic decisions and are responsible for allocating resources and assessing performance of the operating segments.

2. Summary of significant accounting policies (continued)

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is 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 each performance obligation for the transportation service is fulfilled. The value of unused revenue documents is held in the consolidated statement of financial position under current liabilities as passenger and cargo sales in advance. Passenger ticket related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of service to the customer. A 5% change to the breakage percentage will not result in a material change to passenger and cargo revenue.

Frequent flyer programme ('Skywards')

Emirates accounts for Skywards miles (predominantly accrued through sale of flight tickets or purchase of miles by programme partners) as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale allocated to Skywards miles is based on their stand-alone value and is recorded under current liabilities as 'deferred revenue' (Note 26).

The stand-alone selling price is determined using the adjusted market assessment approach. This approach involves estimation techniques to determine the stand-alone value of Skywards miles and reflect the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards based on historical trends. Adjustments to the stand-alone selling price 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.

A level of judgement is exercised by management due to the diversity of inputs that go into determining the stand-alone selling price of miles. A reasonably possible change to any single assumption will not result in a material change to the deferred revenue.

Useful lives and residual values of aircraft and related assets

Management assigns useful lives and residual values to aircraft and related assets based on the intended use 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.

Aircraft finance and operating lease classification

A lease is classified as a finance lease when substantially all the risks and rewards of ownership of an aircraft are transferred to Emirates. In determining the appropriate lease 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 aircraft to Emirates by the end of the lease term; Emirates has the option to purchase the aircraft 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 aircraft and the present value of the minimum lease payments amount to at least substantially all of the fair value of the leased aircraft.

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. A reasonably possible change in any single assumption will not 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 an 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 24.

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 34).

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

5. Revenue

	2019 AED m	2018 AED m
Passenger	78,562	74,262
Cargo	13,056	12,439
Consumer goods	1,591	1,625
Food and beverage	673	680
Hotel operations	669	746
Catering operations	654	677
Excess baggage	444	433
Others	391	363
	96,040	**91,225**

6. Other operating income

Other operating income comprises AED 906 m (2018: AED 145 m) from liquidated damages and other compensations received in connection with aircraft and related operational matters, AED 324 m (2018: AED 292 m) being the amortisation of gains on sale and leaseback of aircraft, a Nil net foreign exchange gain (2018: AED 33 m) and income of AED 637 m (2018: AED 627 m) from ancillary services and activities incidental to Emirates' operations.

7. Operating costs

	2019 AED m	2018 AED m
Jet fuel	30,768	24,715
Employee (see (a) below)	12,623	13,080
Aircraft operating leases	11,964	11,691
Depreciation and amortisation (Notes 11 & 12)	9,680	9,193
Sales and marketing	6,137	6,404
Handling	5,544	5,335
In-flight catering and other operating costs	3,519	3,323
Overflying	2,761	2,891
Facilities and IT related costs (see (b) below)	2,626	2,485
Aircraft maintenance	2,413	2,364
Landing and parking	2,231	2,153
Cost of goods sold	1,588	1,575
Crew layover	1,094	1,125
Foreign exchange loss - net	333	-
Corporate overheads (see (c) below)	1,979	1,902
	95,260	**88,236**

(a) Employee costs include AED 742 m (2018: AED 732 m) in respect of retirement benefit obligations (Note 24).

(b) Facilities and IT related costs include non-aircraft operating lease charges amounting to AED 910 m (2018: AED 922 m).

(c) Corporate overheads include a net charge of AED 26 m (2018: AED 20 m) in respect of impairment losses for trade receivables (Note 16).

8. Finance income and costs

	2019 AED m	2018 AED m
Finance income		
Interest income on bank deposits with companies under common control (Note 36)	305	214
Interest income on other bank deposits	191	159
Interest income from joint ventures (Note 36)	1	2
	497	**375**
Finance costs		
Aircraft finance lease costs	(1,450)	(1,216)
Interest expense on bonds and term loans	(445)	(146)
Interest expense on bank borrowings from companies under common control (Note 36)	(10)	-
Other finance costs	(268)	(231)
	(2,173)	**(1,593)**

9. Income tax expense

	2019 AED m	2018 AED m
Current income tax expense	59	44
Deferred income tax (Note 28)	(2)	-
	57	**44**

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. The tax charge for these stations is consistent with the statutory tax rate in these jurisdictions. Providing detailed 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' comprises of various businesses not allocated to a reportable segment primarily in relation to hotel operations and the sale of consumer goods, food and beverages.

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 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 2019 is as follows:

	Airline AED m	**Catering operations** AED m	**Other** AED m	**Recon-ciliation** AED m	**Total** AED m
Total segment revenue	92,953	2,820	2,979	(302)	98,450
Inter-segment revenue	-	(2,166)	(244)	-	(2,410)
Revenue from external customers	92,953	654	2,735	(302)	96,040
Segment profit for the year	486	208	336	-	1,030
Finance income	492	8	2	(5)	497
Finance costs	(2,172)	-	(6)	5	(2,173)
Income tax (expense) / credit	(68)	-	11	-	(57)
Depreciation and amortisation	(9,355)	(146)	(179)	-	(9,680)
Share of results of investments accounted for using the equity method	-	-	116	-	116
Segment assets	119,489	3,072	5,522	(685)	127,398
Investments accounted for using the equity method	-	-	683	-	683
Additions to property, plant and equipment	12,915	191	72	-	13,178
Additions to intangible assets	253	3	3	-	259
Additions to advance lease rentals	169	-	-	-	169

10. Segment information (continued)

The segment information for the year ended 31 March 2018 is as follows:

	Airline AED m	**Catering operations** AED m	**Other** AED m	**Recon-ciliation** AED m	**Total** AED m
Total segment revenue	88,008	2,709	3,085	(321)	93,481
Inter-segment revenue	-	(2,032)	(224)	-	(2,256)
Revenue from external customers	88,008	677	2,861	(321)	91,225
Segment profit for the year	2,286	260	433	-	2,979
Finance income	373	6	2	(6)	375
Finance costs	(1,592)	-	(7)	6	(1,593)
Income tax (expense) / credit	(51)	-	7	-	(44)
Depreciation and amortisation	(8,874)	(126)	(193)	-	(9,193)
Share of results of investments accounted for using the equity method	-	-	155	-	155
Segment assets	119,670	3,101	5,563	(747)	127,587
Investments accounted for using the equity method	-	-	662	-	662
Additions to property, plant and equipment	8,083	136	68	-	8,287
Additions to intangible assets (including acquisitions)	193	5	23	-	221
Additions to advance lease rentals	1,286	-	-	-	1,286

Geographical information

	2019 AED m	**2018** AED m
Revenue from external customers:		
Europe	28,258	26,727
East Asia and Australasia	26,599	25,409
Americas	14,453	13,441
Africa	10,211	9,343
Gulf and Middle East	8,292	8,544
West Asia and Indian Ocean	8,227	7,761
	96,040	**91,225**

Revenue from inbound and outbound airline operations between the UAE and the overseas point is attributed to the geographical area in which the respective overseas points are located. Revenue from other segments is 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.

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11. Property, plant and equipment

	Aircraft AED m	**Aircraft engines and parts** AED m	**Land and buildings** AED m	**Other property, plant and equipment** AED m	**Capital projects** AED m	**Total** AED m
Cost						
1 April 2017	76,175	6,899	14,033	15,154	9,017	121,278
Additions	-	189	14	3,354	4,730	8,287
Transfer from capital projects	5,152	303	919	354	(6,728)	-
Disposals / write-offs	(339)	(300)	(5)	(1,968)	-	(2,612)
31 March 2018	**80,988**	**7,091**	**14,961**	**16,894**	**7,019**	**126,953**
Accumulated depreciation						
1 April 2017	19,569	1,844	3,937	9,030	-	34,380
Charge for the year	4,808	412	598	3,210	-	9,028
Disposals / write-offs	(310)	(156)	(5)	(1,935)	-	(2,406)
31 March 2018	**24,067**	**2,100**	**4,530**	**10,305**	**-**	**41,002**
Net book amount						
31 March 2018	**56,921**	**4,991**	**10,431**	**6,589**	**7,019**	**85,951**

11. Property, plant and equipment (continued)

	Aircraft AED m	Aircraft engines and parts AED m	Land and buildings AED m	Other property, plant and equipment AED m	Capital projects AED m	Total AED m
Cost						
1 April 2018	80,988	7,091	14,961	16,894	7,019	126,953
Additions	-	205	54	3,527	9,392	13,178
Transfer from capital projects	11,069	75	1,370	558	(13,072)	-
Disposals / write-offs	(220)	(369)	(6)	(2,325)	-	(2,920)
Currency translation differences	-	-	(27)	(3)	-	(30)
31 March 2019	**91,837**	**7,002**	**16,352**	**18,651**	**3,339**	**137,181**
Accumulated depreciation						
1 April 2018	24,067	2,100	4,530	10,305	-	41,002
Charge for the period	5,207	444	645	3,204	-	9,500
Disposals / write-offs	(220)	(259)	(2)	(2,256)	-	(2,737)
Currency translation differences	-	-	(10)	(5)	-	(15)
31 March 2019	**29,054**	**2,285**	**5,163**	**11,248**	**-**	**47,750**
Net book amount						
31 March 2019	**62,783**	**4,717**	**11,189**	**7,403**	**3,339**	**89,431**

The net book amount of property, plant and equipment includes AED 52,218 m (2018: AED 53,164 m) in respect of assets held under finance leases.

The net book amount of aircraft includes an amount of AED 7,448 m (2018: AED 5,671 m) in respect of assets provided as security against term loans.

Land of AED 983 m (2018: AED 922 m) is carried at cost and is not depreciated.

Property, plant and equipment includes interest capitalised during the year amounting to AED 121 m (2018: AED 163 m). The interest on general borrowings for qualifying assets was capitalised using an annual weighted average capitalisation rate of 4.0% (2018: 4.1%).

Capital projects include pre-delivery payments of AED 2,579 m (2018: AED 4,560 m) in respect of aircraft due for delivery between 2020 and 2028 (Note 31).

The net book amount of other property, plant and equipment includes AED 5,209 m (2018: AED 4,578 m) pertaining to aircraft and engine related overhauls.

12. Intangible assets

	Goodwill AED m	**Service rights** AED m	**Trade names** AED m	**Contractual rights** AED m	**Computer software** AED m	**Total** AED m
Cost						
1 April 2017	597	282	19	56	1,351	2,305
Additions	-	-	-	-	209	209
Disposals / write-offs	-	-	-	-	(3)	(3)
Currency translation differences	-	-	-	1	-	1
Acquisition	12	-	-	-	-	12
31 March 2018	**609**	**282**	**19**	**57**	**1,557**	**2,524**
Accumulated amortisation						
1 April 2017	-	137	8	16	703	864
Amortisation for the year	-	19	1	5	140	165
Disposals / write-offs	-	-	-	-	(1)	(1)
31 March 2018	**-**	**156**	**9**	**21**	**842**	**1,028**
Net book value						
31 March 2018	**609**	**126**	**10**	**36**	**715**	**1,496**

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12. Intangible assets (continued)

	Goodwill AED m	Service rights AED m	Trade names AED m	Contractual rights AED m	Computer software AED m	Total AED m
Cost						
1 April 2018	609	282	19	57	1,557	2,524
Additions	-	-	-	-	259	259
Currency translation differences	-	-	-	(1)	-	(1)
31 March 2019	**609**	**282**	**19**	**56**	**1,816**	**2,782**
Accumulated amortisation						
1 April 2018	-	156	9	21	842	1,028
Amortisation for the period	-	19	1	5	155	180
31 March 2019	**-**	**175**	**10**	**26**	**997**	**1,208**
Net book value						
31 March 2019	**609**	**107**	**9**	**30**	**819**	**1,574**

Computer software includes an amount of AED 291 m (2018: AED 212 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 long term terminal growth rates. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate of 12% (2018: 12%), gross margins consistent with historical trends and growth rates based on management's expectations for market development. The long term terminal growth rate of 2% (2018: 2%) does not exceed the long term average growth rate for the markets in which the cash generating units operate. Any reasonably possible change to the assumptions will not lead to an impairment charge. The goodwill allocated to the cash generating unit or groups of cash generating units is as follows:

Cash generating unit	Location	Reportable segment	Goodwill 2019 AED m	Goodwill 2018 AED m
Catering operations	UAE	Catering operations	369	369
Consumer goods	UAE	Others	212	212
Food and beverage	UAE	Others	25	25
Food and beverage	Australia	Others	3	3
			609	**609**

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
Emirates Leisure Retail L.L.C.	68.7	68.7	Food and beverage operations	UAE
Emirates Leisure Retail (Singapore) Pte Ltd.	100	100	Food and beverage operations	Singapore
Emirates Leisure Retail (Australia) Pty Ltd.	100	100	Food and beverage operations	Australia
Emirates Hotel L.L.C.	100	100	Hotel operations	UAE
Emirates Hotels (Australia) Pty Ltd.	100	100	Hotel operations	Australia
Emirates Flight Catering Company L.L.C.	90	90	In-flight and institutional catering	UAE

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

Principal joint ventures				
Emirates-CAE Flight Training L.L.C.	50	51	Flight simulator training	UAE
Premier Inn Hotels L.L.C.	51	51	Hotel operations	UAE
Arabian Harts International Limited	50	50	Wholesale and retail of consumer goods	UAE

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

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

Movement of investments accounted for using the equity method

	2019 AED m	2018 AED m
Balance brought forward	**662**	**676**
Investments during the year	74	5
Share of results	116	155
Dividends	(126)	(175)
Disposals during the year	(38)	-
Currency translation differences	(5)	1
Balance carried forward	**683**	**662**

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

	2019 AED m	2018 AED m
Share of results of associates	70	85
Share of total comprehensive income of associates	**70**	**85**
Aggregate carrying value of investments in associates	**48**	**50**

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

	2019 AED m	2018 AED m
Share of results of joint ventures	46	70
Share of total comprehensive income of joint ventures	**46**	**70**
Aggregate carrying value of investments in joint ventures	**635**	**612**

14. Advance lease rentals

	2019 AED m	2018 AED m
Balance brought forward	**5,651**	**4,901**
Additions during the year	169	1,286
Charge for the year	(599)	(536)
Balance carried forward	**5,221**	**5,651**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year	**602**	**586**
Over one year	**4,619**	**5,065**

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

Advance lease rentals include AED 236 m (2018: AED 275 m) related to a company under common control.

15. Inventories

	2019 AED m	2018 AED m
In-flight consumables	1,378	1,247
Consumer goods	540	477
Engineering	453	495
Others	154	168
	2,525	**2,387**

In-flight consumables include AED 964 m (2018: AED 836 m) relating to items which are not expected to be consumed within twelve months after the reporting period.

16. Trade and other receivables

	2019 AED m	2018 AED m
Trade receivables - net of provision	5,770	5,743
Prepayments	2,886	3,081
Related parties (Note 36)	187	229
Operating lease and other deposits	508	779
Other receivables	1,528	1,108
	10,879	**10,940**
Less: Receivables over one year	(139)	(172)
	10,740	**10,768**

Prepayments include an amount of AED 55 m (2018: AED 68 m) paid to companies under common control.

The carrying amounts of trade, related party and other receivables approximate their fair values which fall into level 3 of the fair value hierarchy. Any change to the valuation method will not result in a significant change to the fair value of these receivables.

Receivables over one year include prepayments and other receivables.

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

	2019 AED m	2018 AED m
Balance brought forward	**81**	**83**
Charge for the year	68	74
Unused amounts reversed	(42)	(54)
Amounts written off as uncollectible	(32)	(24)
Currency translation differences	(6)	2
Balance carried forward	**69**	**81**

The net provision for impairment losses for trade receivables AED 26 m (2018: AED 20 m) is included in operating costs (Note 7).

For the purpose of calculating expected credit losses, Emirates categorises its trade receivables by IATA agents, credit card service providers and others. Expected credit loss allowances are less than 1.5% across these categories.

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

Expected credit losses for related party and other receivables are less than 1% as the balances are held with companies with high credit ratings and are short term in nature and no significant balances are overdue.

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

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

	2019 AED m	2018 AED m
Below 3 months	352	677
3-6 months	57	51
Above 6 months	27	47
	436	**775**

For further details on credit risk management, refer Note 37.

17. Capital

Capital represents the permanent capital of Emirates.

18. Other reserves

	Cash flow hedge reserve AED m	Translation reserve AED m	Total AED m
1 April 2017	**(143)**	**2**	**(141)**
Currency translation differences	-	1	1
Net gain on fair value of cash flow hedges	54	-	54
Transferred to the consolidated income statement	101	-	101
31 March 2018	**12**	**3**	**15**
Currency translation differences	-	(17)	(17)
Net loss on fair value of cash flow hedges	(102)	-	(102)
Transferred to the consolidated income statement	31	13	44
31 March 2019	**(59)**	**(1)**	**(60)**

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

	2019 AED m	2018 AED m
Operating costs	-	2
Finance costs	(31)	(103)
Other operating income	(13)	-
	(44)	**(101)**

19. Borrowings and lease liabilities

	2019 AED m	2018 AED m
Non-current		
Bonds (Note 20)	4,006	4,821
Term loans (Note 21)	7,377	4,448
Lease liabilities (Note 22)	34,050	32,802
	45,433	**42,071**
Current		
Bonds (Note 20)	815	930
Term loans (Note 21)	1,302	528
Lease liabilities (Note 22)	5,460	7,572
Bank overdraft (Note 32)	29	-
	7,606	**9,030**
	53,039	**51,101**
Borrowings and lease liabilities are denominated in the following currencies:		
US Dollar	49,427	47,599
UAE Dirham	3,139	3,502
Euro	444	-
Pound Sterling	29	-

The effective interest rate per annum on lease liabilities was 3.8% (2018: 3.1%), term loans was 4.6% (2018: 3.2%) and bonds was 4.5% (2018: 4.3%).

20. Bonds

	2019 AED m	2018 AED m
Balance brought forward	**5,780**	**4,187**
Additions during the year	-	2,203
Repayments during the year	(935)	(610)
Balance carried forward	**4,845**	**5,780**
Less: Transaction costs	(24)	(29)
	4,821	**5,751**
Bonds are repayable as follows:		
Within one year (Note 19)	**815**	**930**
Between 2 and 5 years	2,915	3,261
After 5 years	1,091	1,560
Total over one year (Note 19)	**4,006**	**4,821**

Bonds are fixed interest rate bonds and are denominated in USD.

The fair value of the bonds is AED 4,812 m (2018: AED 5,740 m) based on listed prices and falls into level 1 of the fair value hierarchy.

21. Term loans

	2019 AED m	2018 AED m
Balance brought forward	**5,041**	**5,031**
Additions during the year	8,268	3,381
Repayments during the year	(4,577)	(3,371)
Balance carried forward	**8,732**	**5,041**
Less: Transaction costs	(53)	(65)
	8,679	**4,976**
Loans are repayable as follows:		
Within one year (Note 19)	**1,302**	**528**
Between 2 and 5 years	3,813	1,832
After 5 years	3,564	2,616
Total over one year (Note 19)	**7,377**	**4,448**
Loans are denominated in the following currencies:		
US Dollar	8,666	4,686
UAE Dirham	13	290

Contractual repricing dates are set at three to six month intervals. Term loans amounting to AED 6,213 m (2018: AED 4,751 m) are secured on the related aircraft and aircraft engines.

Term loans include AED 803 m (2018: Nil) provided by financial institutions under common control on normal commercial terms.

The fair value of the term loans amounts to AED 8,729 m (2018: AED 5,016 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 fall into level 2 of the fair value hierarchy.

22. Lease liabilities

Finance leases

	2019 AED m	2018 AED m
Balance brought forward	**40,374**	**41,874**
Additions during the year	8,633	5,008
Repayments during the year	(9,490)	(6,508)
Currency translation differences	(7)	-
Balance carried forward	**39,510**	**40,374**
Gross lease liabilities:		
Within one year	6,913	8,793
Between 2 and 5 years	22,822	22,415
After 5 years	17,244	15,236
	46,979	**46,444**
Future interest	(7,469)	(6,070)
Present value of finance lease liabilities	**39,510**	**40,374**
The present value of finance lease liabilities is repayable as follows:		
Within one year (Note 19)	**5,460**	**7,572**
Between 2 and 5 years	19,092	19,168
After 5 years	14,958	13,634
Total over one year (Note 19)	**34,050**	**32,802**
The present value of finance lease liabilities is denominated in the following currencies:		
US Dollar	35,940	37,162
UAE Dirham	3,126	3,212
Euro	444	-

Lease liabilities amounting to AED 37,995 m (2018: AED 38,978 m) are secured on the related aircraft and aircraft engines.

22. Lease liabilities (continued)

The fair value of lease liabilities amounts to AED 39,603 m (2018: AED 39,738 m). The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread. The fair value of lease liabilities fall 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.

Operating leases

	2019 AED m	2018 AED m
Future minimum lease payments are as follows:		
Aircraft fleet	71,987	82,449
Others	3,018	2,995
	75,005	**85,444**
Within one year	11,178	11,845
Between 2 and 5 years	37,499	39,962
After 5 years	26,328	33,637
	75,005	**85,444**

The future minimum lease payments include AED 4,433 m (2018: AED 5,232 m) related to companies 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.

23. Provisions

	2019 AED m	2018 AED m
Non-current		
Retirement benefit obligations (Note 24)	1,572	1,418
Provision for aircraft return conditions (Note 25)	2,509	2,649
	4,081	**4,067**
Current		
Provision for aircraft return conditions (Note 25)	678	687
	678	**687**
	4,759	**4,754**

24. Retirement benefit obligations

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 March 2019 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% (2018: 3.0%) and a discount rate of 3.75% (2018: 4.0%) per annum. The present values of the defined benefit obligations at 31 March 2019 were computed using the actuarial assumptions set out above.

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

	2019 AED m	2018 AED m
Funded scheme		
Present value of defined benefit obligations	2,703	2,581
Less: Fair value of plan assets	(2,699)	(2,577)
	4	**4**
Unfunded scheme		
Present value of defined benefit obligations	**1,568**	**1,414**
Provision recognised in the consolidated statement of financial position	**1,572**	**1,418**

The above liability is presented as a non-current provision within the consolidated statement of financial position as Emirates expects to settle this liability over a long term period.

(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 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 4 m (2018: AED 4 m) represents the amount that will not be settled from plan assets and is calculated as the excess of the present value of the defined benefit obligation for an individual employee over the fair value of the employee's plan assets at the end of the reporting period.

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

	2019 AED m	2018 AED m
Balance brought forward	**2,577**	**2,309**
Contributions received	308	300
Benefits paid	(201)	(194)
Change in fair value	15	162
Balance carried forward	**2,699**	**2,577**

24. Retirement benefit obligations (continued)

Contributions received include the transfer of accumulated benefits from unfunded schemes. Emirates expects to contribute approximately AED 307 m for existing plan members during the year ending 31 March 2020.

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:

	2019 AED m	**2018** AED m
Balance brought forward	**1,414**	**1,290**
Current service cost	169	172
Interest cost	57	55
Remeasurement		
- changes in experience / demographic assumptions	10	(23)
- changes in financial assumptions	50	29
Payments made during the year	(132)	(109)
Balance carried forward	**1,568**	**1,414**

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 in respect of all post-employment benefit plans is as follows:

	2019 AED m	**2018** AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	297	296
Net change in the present value of defined benefit obligations over plan assets	-	(3)
	297	**293**
Unfunded scheme		
Current service cost	169	172
Interest cost	57	55
	226	**227**
Defined contribution plan		
Contributions expensed	219	212
Recognised in the consolidated income statement	**742**	**732**

24. Retirement benefit obligations (continued)

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

Assumption	**Change**	**Effect on unfunded scheme** AED m
Discount rate	+ 0.5%	(92)
	- 0.5%	103
Expected salary increases	+ 0.5%	103
	- 0.5%	(93)

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 15 years (2018: 14 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 above the expected rate of salary increases will increase the retirement benefit obligations.

25. Provision for aircraft return conditions

	2019 AED m	**2018** AED m
Balance brought forward	**3,336**	**3,125**
Charge for the year	549	714
Unwinding of discount	165	159
Utilised on return of aircraft & aircraft engines	(662)	(459)
Unutilised amounts reversed	(201)	(203)
Balance carried forward	**3,187**	**3,336**
The provision is expected to be used as follows:		
Within one year (Note 23)	**678**	**687**
Over one year (Note 23)	**2,509**	**2,649**

Unwinding of discount is included in other finance costs (Note 8).

26. Deferred revenue

	2019 AED m	**2018** AED m
Balance brought forward	**2,243**	**2,465**
Additions during the year	1,577	1,558
Recognised during the year	(1,811)	(1,780)
Balance carried forward	**2,009**	**2,243**

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.

27. Deferred credits

	2019 AED m	2018 AED m
Balance brought forward	**2,934**	**2,480**
Additions during the year	149	746
Recognised during the year	(324)	(292)
Balance carried forward	**2,759**	**2,934**
Deferred credits will be recognised as follows:		
Within one year	**322**	**313**
Over one year	**2,437**	**2,621**

28. Deferred income tax

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

	2019 AED m	2018 AED m
Deferred income tax asset	13	11
Deferred income tax liability	(3)	(4)
	10	**7**
The movements in deferred taxes are as follows:		
Balance brought forward	**7**	**5**
Tax consolidation settlements	-	2
Credited to the consolidated income statement (Note 9)	2	-
Currency translation differences	1	-
Balance carried forward	**10**	**7**

29. Trade and other payables

	2019 AED m	2018 AED m
Trade payables and accruals	14,031	15,095
Passenger and cargo sales in advance	11,973	12,349
Related parties (Note 36)	946	982
Dividend payable	-	1,000
	26,950	**29,426**
Less: Payables over one year	(155)	(123)
	26,795	**29,303**

The carrying amounts of trade and other payables (excluding passenger and cargo sales in advance) approximate their fair values which fall into level 3 of the fair value hierarchy. Any change to the valuation method will not result in a significant change to the fair value of these payables.

Passenger and cargo sales in advance as at 1 April 2018 has been recognised in full during the year.

30. Guarantees

	2019 AED m	2018 AED m
Guarantees and letters of credit provided by banks in the normal course of business	815	464

Guarantees and letters of credit include AED 197 m (2018: AED 136 m) provided by companies under common control on normal commercial terms.

31. Commitments

Capital commitments

	2019 AED m	2018 AED m
Aircraft (contracted and not contracted)	187,035	242,713
Non-aircraft	592	1,076
Joint ventures	4	14
	187,631	**243,803**

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

Financial year	**Aircraft**
2019-20	6
Beyond 2019-20	228

In the event that delivery of certain aircraft are not taken, penalties are payable by Emirates to the extent of AED 257 m (2018: AED 1,416 m).

Operational commitments

	2019 AED m	2018 AED m
Sales and marketing	3,055	4,249

32. Short term bank deposits and cash and cash equivalents

	2019 AED m	2018 AED m
Bank deposits	14,413	18,138
Cash and bank	2,624	2,282
Cash and bank balances	**17,037**	**20,420**
Less: Short term bank deposits - over 3 months original maturity	(11,974)	(14,745)
Cash and cash equivalents as per the consolidated statement of financial position	**5,063**	**5,675**
Bank overdraft (Note 19)	(29)	-
Cash and cash equivalents as per the consolidated statement of cash flows	**5,034**	**5,675**

Cash and bank balances earned an effective interest rate of 3.4% (2018: 3.0%) per annum.

Cash and bank balances include AED 11,338 m (2018: AED 12,348 m) held with companies under common control.

33. Cash outflow on property, plant and equipment

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

	2019 AED m	2018 AED m
Additions to property, plant and equipment (Note 11)	13,178	8,287
Less: Assets acquired under finance leases (Note 22)	(8,633)	(5,008)
	4,545	**3,279**

34. Derivative financial instruments

Description	**2019** Term	AED m	**2018** Term	AED m
Cash flow hedge				
Non-current assets				
Interest rate swaps	2021-2028	24	2020-2028	60
		24		**60**
Current assets				
Interest rate swaps		6		-
Currency forwards		5		9
		11		**9**
Cash flow hedge				
Non-current liabilities				
Interest rate swaps	2021-2028	(81)	2020-2023	(26)
		(81)		**(26)**
Current liabilities				
Interest rate swaps		(20)		(35)
		(20)		**(35)**

Interest rate swaps	**2019** AED m	**2018** AED m
Change in fair value of outstanding hedging instruments since 1 April	(102)	51
Change in value of hedged item used to determine hedge effectiveness	102	(51)

Hedge ratio	1:1	1:1
Weighted average hedged rate for the year	2.8%	2.9%

The notional principal amounts outstanding are:

	2019 AED m	**2018** AED m
Interest rate contracts	7,238	5,432
Currency contracts	1,203	929

The notional principal amounts outstanding include AED 2,413 m (2018: AED 2,012 m) against derivatives entered with companies under common control.

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

35. Classification of financial instruments

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

Description	**Financial assets at amortised cost** AED m	**Derivative financial instruments** AED m	**Financial liabilities at amortised cost** AED m	**Total** AED m
2019				
Assets				
Trade and other receivables (excluding prepayments)	7,993	-	-	7,993
Derivative financial instruments	-	35	-	35
Short term bank deposits	11,974	-	-	11,974
Cash and cash equivalents	5,063	-	-	5,063
Total	**25,030**	**35**	**-**	**25,065**
Liabilities				
Borrowings and lease liabilities	-	-	53,039	53,039
Provision for aircraft return conditions	-	-	3,187	3,187
Trade and other payables (excluding passenger and cargo sales in advance)	-	-	14,977	14,977
Derivative financial instruments	-	101	-	101
Total	**-**	**101**	**71,203**	**71,304**

35. Classification of financial instruments (continued)

Description	Loans and receivables	Derivative financial instruments	Financial liabilities at amortised cost	Total
	AED m	AED m	AED m	AED m
2018				
Assets				
Trade and other receivables (excluding prepayments)	7,859	-	-	7,859
Derivative financial instruments	-	69	-	69
Short term bank deposits	14,745	-	-	14,745
Cash and cash equivalents	5,675	-	-	5,675
Total	**28,279**	**69**	**-**	**28,348**
Liabilities				
Borrowings and lease liabilities	-	-	51,101	51,101
Provision for aircraft return conditions	-	-	3,336	3,336
Trade and other payables (excluding passenger and cargo sales in advance)	-	-	17,077	17,077
Derivative financial instruments	-	61	-	61
Total	**-**	**61**	**71,514**	**71,575**

36. Related party transactions and balances

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

Emirates and dnata (a company under common control) 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.

	2019 AED m	2018 AED m
Trading transactions:		
(i) Sale of goods and services		
Sale of goods - Companies under common control	339	309
Sale of goods - Joint ventures	42	37
Sale of goods - Associates	59	64
Services rendered - Companies under common control	547	490
Services rendered - Joint ventures	15	14
Frequent flyer miles sales - Companies under common control	350	304
	1,352	**1,218**
(ii) Purchase of goods and services		
Purchase of goods - Companies under common control	6,973	5,595
Purchase of goods - Associates	229	243
Services received - Companies under common control	3,307	3,314
Services received - Joint ventures	11	13
	10,520	**9,165**

	2019 AED m	2018 AED m
Other transactions:		
(i) Finance income		
Companies under common control (Note 8)	305	214
Joint ventures (Note 8)	1	2
	306	**216**
(ii) Finance cost		
Companies under common control (Note 8)	10	-
(iii) Compensation to key management personnel		
Salaries and short term employee benefits	107	156
Post-employment benefits	16	14
Termination benefits	-	1
	123	**171**

Emirates also uses number of public utilities provided by Government controlled entities 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. Transactions falling in these expense categories are individually insignificant and carried out on an arm's length basis.

36. Related party transactions and balances (continued)

	2019 AED m	2018 AED m
Year end balances		
(i) Receivables - sale of goods and services		
Companies under common control	101	99
Joint ventures	32	31
Associates	13	10
Receivable within one year	**146**	**140**
(ii) Receivables - other transactions		
Companies under common control	31	74
Receivable within one year	**31**	**74**

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.

	2019 AED m	2018 AED m
(iii) Other receivables		
Joint ventures	3	9
	3	**9**
Movement in the loans were as follows:		
Balance brought forward	**9**	**13**
Additions during the year	1	-
Repayments during the year	(7)	(4)
Balance carried forward	**3**	**9**
Receivable within one year	**-**	**4**
Receivable over one year	**3**	**5**

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

	2019 AED m	2018 AED m
(iv) Loans and advances to key management personnel		
Balance brought forward	**6**	**6**
Additions during the year	8	7
Repayments during the year	(7)	(7)
Balance carried forward	**7**	**6**
Receivable within one year	**3**	**3**
Receivable over one year	**4**	**3**

	2019 AED m	2018 AED m
(v) Payables - purchase of goods and services (Note 29)		
Companies under common control	918	958
Associates	13	6
	931	**964**
(vi) Other payables (Note 29)		
Companies under common control	15	18
	15	**18**

37. Financial risk management

Financial risk factors

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

Emirates' risk management procedures are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information. Emirates regularly reviews its risk management procedures and systems to reflect changes in markets, products and emerging best practice. Emirates uses derivative and non-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 93% (2018: 92%) of cash and bank balances are held with financial institutions based in the UAE.

The sale of passenger and cargo transportation is largely achieved through International Air Transport Association (IATA) approved sales agents 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 and the related balances within trade receivables is therefore low and further reduced by their diverse base and credit risk analytics performed by Emirates.

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:

	2019 AED m	**2018** AED m
AA- to AA+	485	378
A- to A+	14,664	16,849
BBB+	1,623	2,584
Lower than BBB+	18	11
Unrated	229	517

37. Financial risk management (continued)

(ii) Market risk

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

Jet fuel price risk

Emirates is exposed to volatility in the price of jet fuel and closely monitors the actual cost against the forecast cost. To manage the price risk, Emirates 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 Dirham or in US Dollar to which the UAE Dirham is pegged. Additionally, some lease liabilities are denominated in Euro, Pound Sterling and Japanese Yen to provide a natural hedge against revenue inflows in these currencies. 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 and South African Rand. Currency risks are hedged using forwards and options, as appropriate, as well as by way of a natural hedge between foreign currency inflows and outflows.

Emirates is also subject to the risk that countries in which it may earn revenues may impose restrictions or prohibition on the export of those revenues. Emirates seeks to minimise this risk by repatriating surplus funds to the UAE on a monthly basis. Cash and cash equivalents include AED 396 m (2018: AED 182 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 for US Dollar, EIBOR for UAE Dirham and EURIBOR for Euro. Summarised quantitative data is available in Note 19 for interest cost exposures.

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

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.

	2019		2018	
	Effect on profit AED m	**Effect on equity** AED m	**Effect on profit** AED m	**Effect on equity** AED m
Interest cost				
- 25 basis points				
UAE Dirham	4	4	5	5
US Dollar	81	32	71	40
Euro	1	1	-	-
	86	**37**	**76**	**45**
+ 25 basis points				
UAE Dirham	(4)	(4)	(5)	(5)
US Dollar	(81)	(32)	(71)	(40)
Euro	(1)	(1)	-	-
	(86)	**(37)**	**(76)**	**(45)**

37. Financial risk management (continued)

	2019		2018	
	Effect on profit AED m	Effect on equity AED m	Effect on profit AED m	Effect on equity AED m
Interest income				
- 25 basis points	(9)	(9)	(13)	(13)
+ 25 basis points	9	9	13	13
Currency - Euro				
+ 1%	8	(1)	1	(1)
- 1%	(8)	1	(1)	1
Currency - Pound Sterling				
+ 1%	5	3	1	(1)
- 1%	(5)	(3)	(1)	1
Currency - Australian Dollar				
+ 1%	2	1	1	(1)
- 1%	(2)	(1)	(1)	1
Currency - Indian Rupee				
+ 1%	4	4	4	4
- 1%	(4)	(4)	(4)	(4)
Currency - Chinese Yuan				
+ 1%	1	1	2	2
- 1%	(1)	(1)	(2)	(2)
Currency - South African Rand				
+ 1%	1	1	1	1
- 1%	(1)	(1)	(1)	(1)

(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 and net current assets against internal standards.
- Maintaining debt financing plans.
- Maintaining diversified credit lines including stand-by credit facility arrangements.

Sources of liquidity are regularly reviewed by senior management to maintain a diversification by geography, provider, product and term and to ensure Emirates has adequate resources for its operations.

37. 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
2019				
Borrowings and lease liabilities	9,725	31,423	22,777	63,925
Derivative financial instruments	19	27	25	71
Provision for aircraft return conditions	693	1,811	1,298	3,802
Trade and other payables (excluding passenger and cargo sales in advance)	14,822	155	-	14,977
	25,259	**33,416**	**24,100**	**82,775**
2018				
Borrowings and lease liabilities	10,635	28,514	19,943	59,092
Derivative financial instruments	35	26	-	61
Provision for aircraft return conditions	704	1,980	1,331	4,015
Trade and other payables (excluding passenger and cargo sales in advance)	16,954	123	-	17,077
	28,328	**30,643**	**21,274**	**80,245**

38. Capital management

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

Emirates monitors the return on Owner's equity, which is defined as the profit attributable to the Owner expressed as a percentage of average Owner's equity. Emirates seeks to provide a better return to the Owner by borrowing and taking aircraft on operating leases to meet its growth plans. In 2019, Emirates achieved a return on Owner's equity funds of 2.4% (2018: 7.9%).

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 2019, this ratio is 95.4% (2018: 82.8%) and if aircraft operating leases are included, the ratio is 209.8% (2018: 216.4%).

Independent Auditor's Report to the Owner of dnata

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 referred to as "dnata") as at 31 March 2019, 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 2019;
- the consolidated statement of comprehensive income for the year ended 31 March 2019;
- the consolidated statement of financial position as at 31 March 2019;
- the consolidated statement of changes in equity for the year ended 31 March 2019;
- the consolidated statement of cash flows for the year ended 31 March 2019; 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 among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The areas that in our professional judgement, is 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 • Acquisition of Qantas Catering

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.

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.

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Douglas O'Mahony, Rami Sarhan, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

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Independent Auditor's Report to the Owner of dnata (continued)

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Key audit matter	How our audit addressed the Key audit matter
Impairment of goodwill As at 31 March 2019, the carrying value of goodwill was AED 2,200 million (2018: AED 2,065 million). Refer to notes 2, 3 and 10 to the consolidated financial statements. Goodwill is not subject to amortisation and in accordance with IAS 36 "Impairment of assets" is required to be tested annually for impairment. The recoverable amount of dnata's cash generating units or group of cash generating units to which goodwill is allocated is determined as the higher of fair value less costs of disposal and value in use. The recoverable amount is compared to the carrying value of the cash generating unit or group of cash generating units to which goodwill is allocated in order to assess whether an impairment exists. The value in use is determined by calculating the discounted cash flows of each cash generating unit or group of cash generating units. The calculation of value in use incorporates key assumptions including expected revenue growth rates, profit margins, long term growth rates and discount rates. The impairment model prepared by management in respect of one cash generating unit containing goodwill determined that an impairment of AED 66 million was required which was recorded by management in the consolidated financial statements. The remaining impairment models prepared by management 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 the determination of whether an impairment loss should be recognised is inherently complex and required management to exercise judgement over the calculation of value in use.	We obtained an understanding of management's impairment models and key assumptions. We then tested these impairment models, in particular, with regard to the appropriateness of the key assumptions used within the models, as follows: • we utilised our internal valuation specialists to perform independent calculations of the discount rates, with particular reference to comparable companies and compared this to the discount rates used by management; • we agreed the base cash flows used in management's impairment models to formally approved budgets; • we compared future expected revenue growth rates and profit margins used in the formally approved budgets and beyond the period of the formally approved budgets to historical trends and reviewed whether management's estimates made in prior periods were reasonable compared to actual performance; • we compared the long term growth rates to external sources of information including economic forecasts; • we performed a sensitivity analysis over each of the significant assumptions within the value in use calculations and considered the appropriateness of the impairment charge recognised; and • we tested the mathematical accuracy of the model. We assessed whether the related disclosures in notes 2, 3 and 10 to the consolidated financial statements are consistent with the requirements of IFRS.

Key audit matter	How our audit addressed the Key audit matter
Acquisition of Qantas Catering On 31 October 2018, dnata through its wholly owned subsidiary Alpha Flight Services Pty Ltd, Australia, acquired 100% ownership of Qantas Catering Group Ltd and Snap Fresh Pty Ltd, together forming the Qantas Catering business. Refer to note 33 to the consolidated financial statements. IFRS 3 'Business Combinations' requires dnata to recognise the identifiable assets and liabilities at fair value at the date of the acquisition, with the excess of the purchase consideration over the identified fair values recognised as goodwill. The fair value of land was determined using a market approach by management's external expert. Other items of property, plant and equipment were valued using depreciated historic replacement costs or management's estimates of fair value. Customer relationships were valued using the income approach (excess earnings) by management's external expert. Key assumptions under the income approach for valuing customer relationships include projections of customer revenue and attrition rates, forecast profit margins, discount rates and useful economic life. Other identifiable assets and liabilities were valued by management and no significant judgement was required. We focused on this area because the accounting treatment for the provisional acquisition date balance sheet is inherently complex and required management to exercise judgements over the valuation of property, plant and equipment and intangible assets, the completeness of liabilities and the calculation of the associated goodwill of AED 193 million.	For the valuation of land performed by management's external expert, we obtained and tested supporting documentation and assessed whether the expert was independent, capable and competent. For the valuation of other items of property, plant and equipment we agreed that the depreciated historic replacement cost and management's estimates of fair value were reasonable with reference to comparable assets. For the valuation of customer relationships we validated the assumptions underlying the calculation of the fair value by management's external expert. In particular: • we assessed if the income approach (excess earnings) valuation methodology is an acceptable valuation practice; • we compared the revenue projections, attrition rates and profit margins applied to existing customer contracts to historical trends; • we obtained the inputs used to calculate the discount rate and assessed them by using our specialists to draw comparisons with a selection of comparable companies; and • we compared the useful economic life of the customer relationships to those used in comparable companies. We assessed the completeness of management's list of liabilities recognised using our knowledge of the business, industry, audit procedures performed post acquisition, enquiries of senior management and reading the Share Sale Agreement. We traced the purchase consideration to supporting documents and recomputed the value of goodwill recognised as the difference between the purchase consideration and the fair value of the net assets acquired. We assessed whether the related disclosures in notes 2, 3 and 33 to the consolidated financial statements are consistent with the requirements of IFRS.

Independent Auditor's Report to the Owner of dnata (continued)

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Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report (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 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.

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 year 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
5 May 2019

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

Consolidated Income Statement for the year ended 31 March 2019

	Note	2019 AED m	2018 AED m
Revenue	5	13,888	12,931
Other operating income		531	143
Operating costs	6	(13,141)	(11,878)
Operating profit		**1,278**	**1,196**
Finance income		143	98
Finance costs		(45)	(31)
Share of results of investments accounted for using the equity method	11	131	126
Profit before income tax		**1,507**	**1,389**
Income tax expense	7	(26)	(37)
Profit for the year		**1,481**	**1,352**
Profit attributable to non-controlling interests		36	35
Profit attributable to dnata's Owner		**1,445**	**1,317**

Consolidated Statement of Comprehensive Income for the year ended 31 March 2019

Profit for the year		**1,481**	**1,352**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations - net of deferred tax		4	2
Share of other comprehensive income of investments accounted for using the equity method - net of deferred tax		-	42
Items that are or may be reclassified subsequently to the consolidated income statement			
Currency translation differences		(171)	218
Cash flow hedges		5	(7)
Net investment hedge	22	4	(9)
Share of other comprehensive income of investments accounted for using the equity method - net of deferred tax		-	7
Other comprehensive income for the year		**(158)**	**253**
Total comprehensive income for the year		**1,323**	**1,605**
Total comprehensive income attributable to non-controlling interests		22	49
Total comprehensive income attributable to dnata's Owner		**1,301**	**1,556**

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

Consolidated Statement of Financial Position as at 31 March 2019

	Note	2019 AED m	2018 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	8	2,040	1,861
Investment property	9	345	338
Intangible assets	10	3,039	2,788
Investments accounted for using the equity method	11	503	473
Advance lease rentals	12	45	43
Trade and other receivables	14	114	134
Deferred income tax assets	24	110	81
		6,196	**5,718**
Current assets			
Inventories	13	143	87
Trade and other receivables	14	3,611	3,493
Income tax assets		19	3
Short term bank deposits	28	3,121	3,760
Cash and cash equivalents	28	2,001	1,185
		8,895	**8,528**
Asset classified as held for sale	11	-	46
		8,895	**8,574**
Total assets		**15,091**	**14,292**

	Note	2019 AED m	2018 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	15	63	63
Capital reserve		(70)	(60)
Other reserves	16	(311)	(157)
Retained earnings		8,229	7,257
Attributable to dnata's Owner		**7,911**	**7,103**
Non-controlling interests		116	179
Total equity		**8,027**	**7,282**
Non-current liabilities			
Trade and other payables	17	198	163
Borrowings and lease liabilities	21	1,177	867
Provisions	18	598	562
Deferred income tax liabilities	24	153	142
		2,126	**1,734**
Current liabilities			
Trade and other payables	17	4,359	4,848
Income tax liabilities		46	64
Borrowings and lease liabilities	21	432	292
Derivative financial instruments	29	11	25
Provisions	18	90	47
		4,938	**5,276**
Total liabilities		**7,064**	**7,010**
Total equity and liabilities		**15,091**	**14,292**

The consolidated financial statements were approved on 5 May 2019 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 2019

		Attributable to dnata's Owner						
	Note	Capital	Capital reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		AED m	AED m	AED m	AED m	AED m	AED m	AED m
1 April 2017		**63**	**(66)**	**(355)**	**6,897**	**6,539**	**167**	**6,706**
Profit for the year		-	-	-	1,317	1,317	35	1,352
Other comprehensive income for the year		-	-	195	44	239	14	253
Total comprehensive income for the year		**-**	**-**	**195**	**1,361**	**1,556**	**49**	**1,605**
Acquired from non-controlling interest		-	5	-	-	5	(4)	1
Dividends		-	-	-	(1,000)	(1,000)	(44)	(1,044)
Transfer from retained earnings		-	1	-	(1)	-	-	-
Dilution of interest		-	-	-	-	-	11	11
Transactions with Owners		**-**	**6**	**-**	**(1,001)**	**(995)**	**(37)**	**(1,032)**
Share of other equity movements of investments accounted for using the equity method	11	-	-	3	-	3	-	3
31 March 2018		**63**	**(60)**	**(157)**	**7,257**	**7,103**	**179**	**7,282**
Impact on adoption of IFRS 9 (Notes 11 and 14)		-	-	-	(14)	(14)	-	(14)
Adjusted 1 April 2018		**63**	**(60)**	**(157)**	**7,243**	**7,089**	**179**	**7,268**
Profit for the year		-	-	-	1,445	1,445	36	1,481
Other comprehensive income for the year		-	-	(148)	4	(144)	(14)	(158)
Total comprehensive income for the year		**-**	**-**	**(148)**	**1,449**	**1,301**	**22**	**1,323**
Non-controlling interest on acquisition of subsidiaries	33	-	-	-	-	-	8	8
Acquired from non-controlling interest		-	42	-	31	73	(55)	18
Dividends		-	-	-	(500)	(500)	(38)	(538)
Option to acquire non-controlling interest		-	(52)	-	-	(52)	-	(52)
Transfer to retained earnings		-	-	(6)	6	-	-	-
Transactions with Owners		**-**	**(10)**	**(6)**	**(463)**	**(479)**	**(85)**	**(564)**
31 March 2019		**63**	**(70)**	**(311)**	**8,229**	**7,911**	**116**	**8,027**

The capital reserve 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 2019

	Note	2019 AED m	2018 AED m
Operating activities			
Profit before income tax		1,507	1,389
Adjustments for:			
Depreciation, amortisation and impairment	6	624	531
Finance income - net		(98)	(67)
Amortisation of advance lease rentals	12	4	3
Share of results of investments accounted for using the equity method	11	(131)	(126)
Gain on sale of investments accounted for using the equity method		(3)	-
Gain on sale of investment held for sale - net		(321)	-
Loss on sale of property, plant and equipment		1	3
Net provision for impairment of trade receivables	14	67	86
Provision for retirement benefit obligations	6	259	259
Net movement in derivative financial instruments		(7)	17
Payments of retirement benefit obligations		(220)	(231)
Income tax paid		(63)	(86)
Change in inventories		(7)	4
Change in trade and other receivables		(161)	(213)
Change in provisions, trade and other payables		(34)	289
Net cash generated from operating activities		**1,417**	**1,858**

	Note	2019 AED m	2018 AED m
Investing activities			
Additions to property, plant and equipment	8	(427)	(308)
Additions to investment property	9	(20)	(111)
Additions to intangible assets	10	(226)	(92)
Investments in associates and joint ventures	11	(26)	(5)
Dividends from investments accounted for using the equity method	11	67	31
Acquisition of subsidiaries, net of cash acquired	33	(480)	(12)
Proceeds from sale of property, plant and equipment		10	8
Proceeds from sale of investments accounted for using the equity method		18	-
Proceeds from sale of held for sale investment		412	-
Loans to related parties - net	31	-	12
Movement in short term bank deposits - over 3 months original maturity		639	(1,744)
Finance income		136	75
Acquired from non-controlling interest		(25)	(11)
Net cash generated from / (used in) investing activities		**78**	**(2,157)**
Financing activities			
Proceeds from loans	22	613	475
Repayment of loans	22	(156)	(306)
Repayment of lease liabilities		(16)	(9)
Finance costs		(46)	(29)
Dividend paid to dnata's Owner		(1,000)	-
Dividends paid to non-controlling interests		(38)	(53)
Net cash (used in) / generated from financing activities		**(643)**	**78**
Net change in cash and cash equivalents		**852**	**(221)**
Cash and cash equivalents at beginning of the year		1,112	1,250
Effects of exchange rate changes		(58)	83
Cash and cash equivalents at end of the year	28	**1,906**	**1,112**

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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:

- Ground and cargo handling services
- Travel services
- Inflight catering

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 are 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 that are measured at fair value as stated in the accounting policies.

All amounts are presented in millions of UAE Dirham ("AED m").

New standards, amendments to published standards and interpretations that are relevant to dnata

Effective and adopted in the current year

At the date of authorisation of these consolidated financial statements, certain new standards or amendments to the existing standards were effective for the current financial year and have been adopted by dnata. These are as follows:

IFRS 9, Financial Instruments

IFRS 9 replaced IAS 39. The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and also new rules for hedge accounting.

dnata adopted IFRS 9 from 1 April 2018. dnata's financial assets comprising trade and other receivables (excluding prepayments and advance lease rentals), short term bank deposits and cash and cash equivalents were previously classified as 'Loans and receivables' and were measured at amortised cost under IAS 39. dnata has assessed that these financial assets meet the conditions for classification and measurement at amortised cost under IFRS 9. Accordingly there is no impact on the measurement of dnata's financial assets, while the classification of these assets changes from 'Loans and receivables' to 'Financial assets at amortised cost'.

There is no material impact on dnata's financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and dnata does not have such liabilities of significant value.

The new impairment model under IFRS 9 requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to trade receivables and other financial assets. For financial assets comprising of trade receivables, dnata adopted the simplified approach allowed under IFRS 9, under which lifetime expected loss allowance is estimated to calculate provision. For all other financial assets, dnata follows the 12-month expected credit loss model to calculate the impairment provision. Resulting from this change, dnata recognised an additional impairment provision of AED 9 m in trade receivables and AED 5 m in an investment in a joint venture with a corresponding impact in retained earnings as at 1 April 2018.

2. Summary of significant accounting policies (continued)

IFRS 9, Financial Instruments (continued)

IFRS 9 has substantially reformed the existing hedge accounting rules. It provides a more principles-based approach that aligns hedge accounting closely with risk management policies. Currency forwards in place as at 1 April 2018 qualified as cash flow hedges, dnata risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges. Accordingly, there is no material impact on dnata's hedge accounting on adoption of IFRS 9.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 which covered contracts for sale of goods and rendering of services and IAS 11 which covered 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 new five-step model that must be applied to all contracts with customers.

dnata applied the modified retrospective method on transition to the new standard from 1 April 2018.

dnata's revenue recognition policy on adoption of IFRS 15 changed with respect to sale of travel packages where dnata acts as a principal. IFRS 15 requires that the total consideration received is allocated to the separate performance obligations based on a relative stand-alone selling price and revenue should be recognised on satisfaction of each performance obligation within a single contract with the customer. Since the change did not result in a material impact on dnata's consolidated financial position at the transition date, no adjustment has been made to retained earnings as at 1 April 2018. There is no further significant change to the method or timing of revenue recognition compared to the previous year.

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new accounting standards have been published that are not mandatory for the financial year ended 31 March 2019, and have not been early adopted. The following new standard will have an impact on dnata's consolidated financial position and management has performed an initial estimate of its impact.

IFRS 16, Leases (effective from 1 January 2019)

IFRS 16 will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance lease is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Leases are capitalised by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. An optional exemption exists (which dnata will avail) for short-term and low-value leases.

The standard will have a significant impact on dnata's consolidated financial statements considering the number of operating leases in its portfolio with future minimum lease payments under operating leases at 31 March 2019 amounting to AED 2.4 billion (Note 25).

The consolidated statement of financial position will be impacted by the recognition of a right-of-use asset and a lease liability related to these assets. In respect of the consolidated income statement, there will be an impact as the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating lease charges will be replaced with interest and depreciation expense. Further, operating cash flows will be higher as cash payments for the lease liability will be classified within financing activities.

dnata will apply the modified retrospective method on transition to the new standard from 1 April 2019 and comparatives will not be restated. Right-of-use assets will be measured at the commencement date using dnata's incremental borrowing rates as if the new rules had always been applied, i.e. the cumulative depreciation impact from the lease commencement date to the date of transition will be reflected in the transition date measurement of right-of-use-asset. Lease liabilities will be determined based on dnata's incremental borrowing rates and rates of exchange at the date of transition (1 April 2019).

Upon adoption of IFRS 16 on 1 April 2019, dnata's assets and liabilities are estimated to increase in the range of AED 1.5 - 1.8 billion and AED 1.7 - 2.0 billion respectively, depending on the outcome of certain contracts which are in negotiation stages.

There are no other new standards, amendments or interpretations that are either effective or not yet effective, and would be expected to have a material impact on dnata.

2. Summary of significant accounting policies (continued)

Basis of consolidation

Subsidiaries are those entities over which dnata has control. Control is exercised when dnata is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over that 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 its 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 the assets transferred, liabilities acquired, fair value of any contingent consideration arrangements and the 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 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 dnata's previously held equity interest in the subsidiary is remeasured at 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 recorded 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 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

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 ground handling and cargo services is recognised on the performance of the related service.

Revenue from travel services includes the sale of travel holiday packages and also travel individual component bookings. Where dnata acts as principal in the arrangement, the total consideration received is treated as revenue and allocated to separate performance obligations based on relative stand-alone selling prices. The allocated revenue from such contracts is recognised on satisfaction of each performance obligation within a single contract with the customer. Where dnata acts as an agent between the service provider and the end customer, net commission is recognised as revenue on satisfaction of the performance obligation, i.e., on confirmation of the travel booking taking place.

Revenue from the sale of goods (including in-flight catering) is recognised when the control of goods is transferred to the customer.

Finance income and costs

Interest income and costs are recognised on a time proportion basis using the effective interest method.

Foreign currency translation

dnata's consolidated financial statements are presented in UAE Dirham ("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 net investment hedges and net investment in foreign operations which are deferred in other comprehensive income, are recognised in the consolidated income statement.

Where functional currencies of subsidiaries are different from AED, income, other comprehensive income and cash flow statements of subsidiaries are translated into AED 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 and share of movement in other comprehensive income of investments accounted for using the equity method are translated into AED 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 subsidiaries, associates, joint ventures or net investment in a foreign operation are disposed of, the related translation differences previously 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 and impairment. Cost consists of the 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 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 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 -10 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 disposals are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement.

Investment property

Property held for long term rental yields or for capital appreciation or both, and not occupied by dnata, is classified as investment property.

Investment property comprises land and buildings. Investment property is measured initially at its cost, including related transaction costs. The carrying amount of an investment property includes the cost of replacing part of an existing investment property when incurred if the recognition criteria are met and excludes cost of day-to-day servicing.

Investment property (continued)

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

Investment property is measured at cost less accumulated depreciation. Land is not depreciated. Depreciation on buildings is charged on a straight line basis over the estimated useful life of 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

The goodwill represents the excess of the aggregate of the consideration transferred, amount of any non-controlling interest in the acquired entity and the 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 unit 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 acquired in a business combination are recognised at fair values on acquisition date. Contractual rights also include licenses to operate in certain airports.

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

Computer software	3 - 7 years
Trade names	10 years
Customer relationships	3 - 15 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.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement.

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, these 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 reversals of historic impairment losses.

Financial assets

Financial assets are classified in accordance with IFRS 9 as 'Financial assets at amortised cost' which consists of financial assets that are debt instruments and are intended to be held to maturity on the basis of dnata's business model. Furthermore, these instruments have fixed payment terms and meet the criteria for cash flow characteristics i.e. contractual payments of principal and interest. This category includes trade and other receivables (excluding prepayments and advance lease rentals), short term bank deposits and cash and cash equivalents. They are classified as non-current or current assets according to their remaining maturity at balance sheet date.

Finance and operating leases

Where property, plant and equipment has 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 as finance costs 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. dnata utilises the simplified approach which uses lifetime expected loss allowances to calculate impairment provision on trade receivables. In the prior year, the impairment of trade receivables was recognised based on the incurred loss model. Specific loss allowances are also recognised when dnata become aware of a customer experiencing financial difficulty. Trade receivables are written off once management has determined that such amount will not be recovered.

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 maturities 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.

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 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 of high quality corporate bonds at the end of the reporting period 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 recognised 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 income. 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 recognised 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.

2. Summary of significant accounting policies (continued)

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.

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.

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.

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:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items; and
- at the inception of the hedging relationship there is a formal designation and documentation of the hedging relationship, including dnata risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how dnata will assess the hedging instrument's effectiveness; and
- there is an economic relationship between the hedged item and the hedging instrument;
- effect of credit risk does not “dominate the value changes” that results from the economic relationship. The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that dnata actually hedges and the quantity of the hedging instrument that dnata actually uses to hedge that quantity for hedged item.

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 IFRS 9, 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 immediately 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. Where an active market does not exist to value an intangible asset, fair values are established using established valuation techniques that use estimates of future cash flows and the useful life related to the asset based on management's experience and expectation at the time of acquisition. Discount rates applied to future cash flows are also subject to judgement. Disclosure of the significant acquisitions undertaken by dnata is given in Note 33 to these consolidated financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units or group of cash generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and use a suitable discount rate in order to calculate present value. The estimates made in arriving at the value-in-use calculation and associated sensitivities are set out in Note 10.

Valuation of defined benefit obligations

The present value of the defined benefit obligations is determined on an 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

	2019 AED m	2018 AED m
Services		
International Airport Operations	3,997	3,803
Travel Services	3,678	3,384
UAE Airport Operations	3,223	3,153
Others	360	445
	11,258	**10,785**
Sale of goods		
Inflight Catering	2,444	1,991
Others	186	155
	2,630	**2,146**
	13,888	**12,931**

6. Operating costs

	2019 AED m	2018 AED m
Employee costs (see (a))	5,386	5,055
Direct costs		
- Travel Services	2,476	2,135
- Airport Operations	1,350	1,293
- Inflight Catering	1,070	843
- Others	67	130
Rental and lease expenses	788	688
Depreciation and amortisation (see (b))	459	440
Sales and marketing expenses	370	381
Information technology infrastructure costs	246	210
Impairment of intangible assets	78	-
Corporate overheads (see (c))	851	703
	13,141	**11,878**

(a) Employee costs include AED 259 m (2018: AED 259 m) in respect of retirement benefit obligations (Note 19).

(b) Depreciation and amortisation of AED 87 m (2018: AED 91 m) is included under information technology infrastructure costs.

(c) Corporate overheads include a net charge of AED 67 m (2018: AED 87 m) in respect of impairment losses for trade receivables.

7. Income tax expense

	2019 AED m	2018 AED m
Current income tax expense	38	98
Deferred income tax credit	(12)	(61)
	26	**37**
The income tax expense for the year can be reconciled to the accounting profit before income tax as follows:		
Profit before income tax	1,507	1,389
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**22**	**74**
Effect of non-deductible expenses	6	(5)
Effect of income exempt from tax	(7)	-
Re-measurement of deferred tax - effect of changes in tax rates	-	(25)
Effect of other items	5	(7)
Income tax expense	**26**	**37**

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 2017	960	1,980	1,460	166	103	4,669
Additions	52	160	62	17	43	334
Transfer from capital projects	65	24	21	-	(110)	-
Disposals / write-offs	(6)	(48)	(147)	(10)	-	(211)
Currency translation differences	44	52	25	2	-	123
31 March 2018	**1,115**	**2,168**	**1,421**	**175**	**36**	**4,915**
Accumulated depreciation						
1 April 2017	442	1,142	1,161	77	-	2,822
Charge for the year	59	165	123	21	-	368
Disposals / write-offs	(6)	(46)	(142)	(6)	-	(200)
Currency translation differences	16	26	22	-	-	64
31 March 2018	**511**	**1,287**	**1,164**	**92**	**-**	**3,054**
Net book amount at 31 March 2018	**604**	**881**	**257**	**83**	**36**	**1,861**

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 2018	1,115	2,168	1,421	175	36	4,915
Acquisitions (Note 33)	113	51	6	1	10	181
Additions	11	99	110	17	224	461
Transfer from capital projects	31	94	19	6	(150)	-
Disposals / write-offs	(7)	(90)	(24)	(9)	(1)	(131)
Currency translation differences	(40)	(81)	(25)	(5)	(2)	(153)
31 March 2019	**1,223**	**2,241**	**1,507**	**185**	**117**	**5,273**
Accumulated depreciation						
1 April 2018	511	1,287	1,164	92	-	3,054
Charge for the year	61	184	120	20	-	385
Disposals / write-offs	(6)	(84)	(23)	(8)	-	(121)
Currency translation differences	(25)	(38)	(22)	-	-	(85)
31 March 2019	**541**	**1,349**	**1,239**	**104**	**-**	**3,233**
Net book amount at 31 March 2019	**682**	**892**	**268**	**81**	**117**	**2,040**

The net book amount of property, plant and equipment includes AED 76 m (2018: AED 55 m) in respect of plant and machinery held under finance leases, of which AED 34 m (2018: AED 26 m) was acquired during the year (Note 23).

The net book amount of property, plant and equipment includes an amount of AED 22 m (2018: AED 27 m) in respect of assets provided as security against term loans.

Land of AED 20 m (2018: AED 7 m) is carried at cost and is not depreciated.

9. Investment property

	Land AED m	Buildings AED m	Total AED m
Cost			
1 April 2017	62	196	258
Additions	37	74	111
31 March 2018	**99**	**270**	**369**
Accumulated depreciation			
1 April 2017	-	21	21
Charge for the year	-	10	10
31 March 2018	**-**	**31**	**31**
Net book amount at 31 March 2018	**99**	**239**	**338**
Cost			
1 April 2018	99	270	369
Additions	-	20	20
31 March 2019	**99**	**290**	**389**
Accumulated depreciation			
1 April 2018	-	31	31
Charge for the year	-	13	13
31 March 2019	**-**	**44**	**44**
Net book amount at 31 March 2019	**99**	**246**	**345**

Investment property includes an amount of AED 20 m (2018: Nil) in respect of projects under construction.

Investment property is pledged as security against term loans (Note 22).

Investment property comprises rental property in Dubai. The fair value of investment property as at 31 March 2019 is AED 455 m (2018: AED 461 m), which was determined based on internal valuations as there is no active market for such properties. The fair value has been computed by discounting the contractual future lease rental income at a discount rate of 6% (2018: 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.

Revenue from rental income earned during the year amounting to AED 31 m (2018: AED 23 m) is recognised in the consolidated income statement as revenue from 'Services-Others'.

10. Intangible assets

	Goodwill AED m	Computer software AED m	Trade names AED m	Customer relationship AED m	Contractual rights AED m	Total AED m
Cost						
1 April 2017	1,909	480	110	487	613	3,599
Acquisitions	9	-	-	5	-	14
Additions	-	92	-	16	-	108
Disposals / write-offs	-	(2)	-	-	-	(2)
Others	15	3	-	-	-	18
Currency translation differences	132	15	14	13	47	221
31 March 2018	**2,065**	**588**	**124**	**521**	**660**	**3,958**
Accumulated amortisation and impairment						
1 April 2017	-	332	35	106	494	967
Charge for the year	-	52	11	48	42	153
Disposals / write off	-	(2)	-	-	-	(2)
Currency translation differences	-	8	5	4	35	52
31 March 2018	**-**	**390**	**51**	**158**	**571**	**1,170**
Net book value at 31 March 2018	**2,065**	**198**	**73**	**363**	**89**	**2,788**
Cost						
1 April 2018	2,065	588	124	521	660	3,958
Acquisitions (Note 33)	320	26	4	54	-	404
Additions	-	226	-	-	-	226
Disposals / write-offs	-	(1)	-	-	-	(1)
Currency translation differences	(119)	(10)	(10)	(18)	(33)	(190)
31 March 2019	**2,266**	**829**	**118**	**557**	**627**	**4,397**
Accumulated amortisation and impairment						
1 April 2018	-	390	51	158	571	1,170
Charge for the year	-	69	11	45	23	148
Impairment loss	66	-	-	12	-	78
Currency translation differences	-	(2)	(3)	(6)	(27)	(38)
31 March 2019	**66**	**457**	**59**	**209**	**567**	**1,358**
Net book value at 31 March 2019	**2,200**	**372**	**59**	**348**	**60**	**3,039**

Computer software includes an amount of AED 209 m (2018: AED 40 m) in respect of projects under implementation.

10. Intangible assets (continued)

For the purpose of carrying out the impairment test of goodwill, the recoverable amounts for cash generating units or groups of 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 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 terminal growth rate does not exceed the long term average growth rate for the markets in which the cash generating units or groups of cash generating units operate. The goodwill allocated to cash generating units or groups 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 2019	Goodwill 2018	Discount rate	Terminal growth rate
		AED m	AED m	%	%
Airport operations	USA	308	308	11.0	2.0
Airport operations	Switzerland	250	260	8.5	2.5
Airport operations	Singapore	92	95	7.0	3.0
Airport operations	Netherlands	59	65	8.8	1.5
Airport operations	Brazil	43	49	16.0	2.5
Airport operations	Australia	26	28	10.0	2.5
Airport operations	Czech Republic	20	22	8.5	1.5
Inflight catering	Australia	316	141	9.0	1.5
Inflight catering	Romania	111	120	10.0	1.5
Inflight catering	Italy	120	129	8.0	1.5
Inflight catering	USA	40	-	9.0	1.5
Online travel services	UK	444	481	8.5	1.5
Travel services	UK	170	183	8.5	1.5
Travel services	Germany	42	-	8.0	2.0
Others	Various	159	184	9.0 - 12.0	1.5 - 3.0
		2,200	**2,065**		

Goodwill pertaining to Airport Operations, USA includes AED 300 m (2018: AED 300 m) for Ground Services International Inc. / Metro Air Service Inc. and AED 8 m (2018: AED 8 m) for ALX Cargo Centre IAH LLC. The key assumptions used in the value-in-use calculations for both these cash generating units are similar.

Goodwill pertaining to Travel services, UK includes AED 121 m (2018: AED 130 m) for the Gold Medal group (Gold Medal Travel Group Limited and Airline Network Limited) and AED 49 m (2018: AED 53 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 groups of cash generating units are similar.

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

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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	Ground handling services	Philippines
dnata Singapore Pte Ltd	100	Ground, cargo handling and catering services	Singapore
Dnata Switzerland AG	100	Ground and cargo handling services	Switzerland
dnata Limited	100	Ground and cargo handling services	United Kingdom
Alpha Flight Services Pty Ltd	100	Inflight catering services	Australia
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
dnata International Pvt Ltd	100	Travel agency	India
Travel Republic Limited	100	Online travel services	United Kingdom
En Route International Limited	100	Bakery and food solutions	United Kingdom
Gold Medal Travel Group Limited	100	Travel agency	United Kingdom
dnata Travel Inc	100	Travel services	Philippines
Travel 2 Limited	100	Travel agency	United Kingdom
Travelbag Limited	100	Travel agency	United Kingdom
The Global Travel Group Limited	100	Travel agency	United Kingdom
dnata Airport Services Pty Ltd	100	Ground and cargo handling services	Australia
dnata BV	100	Ground and cargo handling services	The Netherlands
RM Servicos Auxiliares de Transporte Aereo Ltda	70	Ground handling services	Brazil
Airport Handling SpA	70	Ground handling services	Italy
Airport Handling Services Australia Pty Ltd	100	Ground handling services	Australia
Transecure LLC	100	Investment property	United Arab Emirates
Ground Services International Inc.	100	Ground 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
Oman United Agencies Travel LLC	76.9	Travel agency	Oman

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

		Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal subsidiaries				
Acquired during the previous year:				
ALX Cargo Centre IAH LLC		100	Cargo handling services	United States of America
Acquired during the year:				
Tropo GmbH		100	Travel services	Germany
BD4travel Limited		73.4	Travel technology services	Germany
121 Group International LLC		85	Inflight catering services	United States of America
Qantas Catering Group Ltd		100	Inflight catering services	Australia
Snap Fresh Pty Ltd		100	Inflight catering services	Australia

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

Principal associates				
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
Canary Topco Ltd		9.1	Information technology services	United Kingdom
Principal joint ventures				
Super Bus Tourism LLC	(see (a) below)	75	Travel services	United Arab Emirates
dnata Travel Company Limited	(see (a) below)	70	Travel agency	Saudi Arabia
Transguard Group LLC		50	Security services	United Arab Emirates
Alpha LSG Ltd		50	Inflight catering services	United Kingdom
Imagine Enterprises Limited	(see (a) below)	51	Travel agency	United Kingdom
Acquired during the previous year:				
Destination Asia Group	(see (b) below)	51	Travel services	Asia Pacific

(a) Although the percentage of equity owned in Super Bus Tourism LLC, dnata Travel Company Limited and Imagine Enterprises Limited is 75%, 70% and 51% respectively, they are subject to joint control.

(b) During the previous year, dnata acquired 25% beneficial interest in a number of entities forming part of Destination Asia Group operating in 8 countries in the Asia Pacific region.

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

Movement of investments accounted for using the equity method

	2019 AED m	**2018** AED m
Balance brought forward	**473**	**407**
Impact on adoption of IFRS 9	(5)	-
Adjusted balance brought forward	**468**	**407**
Additions	26	8
Share of results	131	126
Share of other comprehensive income	-	49
Share of other equity movements	-	3
Dividends	(67)	(89)
Disposals	(20)	-
Reclassification due to change in ownership interest	(23)	-
Currency translation differences	(12)	15
Reclassification to asset held for sale	-	(46)
Balance carried forward	**503**	**473**

Disposal of joint ventures during the year

During the year, dnata sold its interest in joint ventures dnata Newrest (Pty) in South Africa and Al Tawfeeq Travel WLL in Qatar. These disposals did not result in any significant gain or loss.

Disposal of asset held for sale

During the year, the sale of dnata's investment in Hogg Robinson Group ("HRG") plc completed for a consideration of AED 412 m. A net gain of AED 321 m is included in Other operating income. The investment was classified as an asset held for sale in the previous year.

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

	2019 AED m	**2018** AED m
Share of results of associates	(5)	32
Share of other comprehensive income	-	52
Share of total comprehensive income of associates	**(5)**	**84**
Aggregate carrying value of investments in associates	**13**	**57**

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

	2019 AED m	**2018** AED m
Share of results of joint ventures	136	94
Share of other comprehensive income	-	(3)
Share of total comprehensive income of joint ventures	**136**	**91**
Aggregate carrying value of investments in joint ventures	**490**	**416**

12. Advance lease rentals

	2019 AED m	2018 AED m
Balance brought forward	**46**	42
Additions during the year	6	6
Charge for the year	(4)	(3)
Currency translation differences	-	1
Balance carried forward	**48**	**46**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 14)	**3**	**3**
Over one year	**45**	**43**

13. Inventories

	2019 AED m	2018 AED m
Food and beverages	101	45
Spares and consumables	32	31
Other	10	11
	143	**87**

14. Trade and other receivables

	2019 AED m	2018 AED m
Trade receivables - net of provision	1,980	1,950
Prepayments	524	529
Related parties (Note 31)	424	484
Advance lease rentals (Note 12)	3	3
Deposits and other receivables	794	661
	3,725	**3,627**
Less: Receivables over one year	(114)	(134)
	3,611	**3,493**

The receivables over one year include preference shares of AED 97 m (2018: AED 95 m) issued by an associate company and a joint venture, which are long term in nature.

dnata uses the lifetime expected loss allowance to measure the expected credit losses on its trade receivables. The impairment charge on trade receivables recognised in the consolidated income statement during the year primarily relates to travel agencies, airlines 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.

Expected credit losses for financial assets within trade and other receivables are less than 1% as the balances are held with companies with high credit ratings and are short term in nature and no significant balances are overdue.

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

	2019 AED m	2018 AED m
Balance brought forward	**129**	**55**
Impact on adoption of IFRS 9	9	-
Adjusted balance brought forward	**138**	**55**
Charge for the year	76	95
Unused amounts reversed	(9)	(9)
Amounts written off as uncollectible	(39)	(16)
Currency translation differences	(4)	4
Balance carried forward	**162**	**129**

The maximum exposure to credit risk of trade and other receivables (excluding prepayments) at the reporting date is the carrying value of each class of receivable.

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

	2019 AED m	2018 AED m
Below 3 months	943	883
3-6 months	167	118
Above 6 months	179	230
	1,289	**1,231**

For further details on credit risk management, refer to Note 32.

15. Capital

Capital represents the permanent capital of dnata.

16. Other reserves

	Translation reserve AED m	Other AED m	Total AED m
1 April 2017	**(366)**	**11**	**(355)**
Currency translation differences	204	-	204
Net investment hedge (Note 22)	(9)	-	(9)
Cash flow hedges	-	1	1
Transferred to consolidated income statement	-	(8)	(8)
Share of other comprehensive income of investments accounted for using the equity method, net of deferred tax	7	-	7
Recognised in other comprehensive income	**202**	**(7)**	**195**
Share of other equity movement of investment accounted for using the equity method	-	3	3
31 March 2018	**(164)**	**7**	**(157)**
Currency translation differences	(197)	-	(197)
Net investment hedge (Note 22)	4	-	4
Cash flow hedges	-	(1)	(1)
Transferred to consolidated income statement	40	6	46
Recognised in other comprehensive income	**(153)**	**5**	**(148)**
Transfer to retained earnings	-	(6)	(6)
31 March 2019	**(317)**	**6**	**(311)**

17. Trade and other payables

	2019 AED m	2018 AED m
Trade payables and accruals	2,763	2,758
Deferred revenue	847	793
Employee leave pay	229	236
Related parties (Note 31)	70	102
Customer advances	43	52
Dividend payable	500	1,000
Other payables	105	70
	4,557	**5,011**
Less: Payables over one year	(198)	(163)
	4,359	**4,848**

Revenue recognised during the year includes AED 752 m which was included in 'Deferred revenue' and 'Customer advances' as at 31 March 2018.

The payables over one year include the non current portion of the acquisition related deferred / contingent consideration and the fair value of options issued to acquire additional interests in subsidiaries. It also includes the non-current portion of the deferred revenue.

The movements in contingent consideration and options to acquire non-controlling interests is as follows:

	2019 AED m	2018 AED m
Balance brought forward	**17**	**30**
Payments	-	(13)
Additions	52	-
Balance carried forward	**69**	**17**

Fair value remeasurement of these liabilities did not result in any significant change.

18. Provisions

	2019 AED m	2018 AED m
Non-current		
Retirement benefit obligations (Note 19)	582	549
Other provisions (Note 20)	16	13
	598	**562**
Current		
Other provisions (Note 20)	90	47
	90	**47**
	688	**609**

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 2019 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:

	2019 AED m	2018 AED m
Funded schemes		
Present value of defined benefit obligations	704	731
Less: Fair value of plan assets	(652)	(661)
	52	**70**
Unfunded schemes		
Present value of defined benefit obligations	**530**	**479**
Provision recognised in consolidated statement of financial position	**582**	**549**

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 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:

	2019 AED m	2018 AED m
Present value of funded defined benefit obligations	143	139
Less: Fair value of plan assets	(142)	(139)
	1	**-**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 3.0% (2018: 3.0%) and a discount rate of 3.8% (2018: 4.0%) per annum. The present values of the defined benefit obligations at 31 March 2019 were computed using the actuarial assumptions set out above.

19. Retirement benefit obligations (continued)

The liability of AED 1m (2018: Nil) 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 that employee's plan assets at the end of the reporting period.

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

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

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

	2019 AED m	2018 AED m
Balance brought forward	**139**	**128**
Contributions received	20	18
Change in fair value	(1)	14
Benefits paid	(16)	(21)
Balance carried forward	**142**	**139**

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:

	2019 AED m	2018 AED m
Present value of funded defined benefit obligations	254	264
Less: Fair value of plan assets	(216)	(208)
	38	**56**

The actuarial valuation for the Swiss plan included assumptions relating to the discount rate of 0.8% (2018: 0.7%) and expected salary increases of 1.0% (2018: 1.0%) per annum.

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

	2019 AED m	2018 AED m
Balance brought forward	**264**	**238**
Service cost	14	14
Interest cost	2	2
Remeasurement (gain) / loss	(7)	1
Employee contributions	8	8
Benefits paid	(19)	(9)
Currency translation differences	(8)	10
Balance carried forward	**254**	**264**

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

	2019 AED m	2018 AED m
Balance brought forward	**208**	**184**
Expected return on plan assets	1	1
Employer contributions	11	11
Employee contributions	8	8
Currency translation differences	(8)	8
Remeasurement		
- Return on plan assets	15	5
Benefits paid	(19)	(9)
Balance carried forward	**216**	**208**

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:

	2019 AED m	2018 AED m
Present value of funded defined benefit obligations	307	328
Less: Fair value of plan assets	(294)	(314)
	13	**14**

The actuarial valuation for the Netherlands plan included assumptions relating to the discount rate of 1.9% (2018: 1.9%) and expected salary increases of 1.0% (2018: 1.0%) per annum.

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

	2019 AED m	2018 AED m
Balance brought forward	**328**	**281**
Service cost	8	5
Interest cost	6	6
Remeasurement gain	-	(4)
Employee contributions	2	2
Benefits paid	(5)	(4)
Currency translation differences	(32)	42
Balance carried forward	**307**	**328**

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

	2019 AED m	2018 AED m
Balance brought forward	**314**	**269**
Expected return on plan assets	5	5
Remeasurement		
- Return on plan assets	2	(2)
Employer contributions	4	4
Employee contributions	2	2
Benefits paid	(5)	(4)
Currency translation differences	(28)	40
Balance carried forward	**294**	**314**

dnata expects to contribute, in respect of existing plan members of all its funded schemes, approximately AED 34 m during the year ending 31 March 2020.

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:

	2019 AED m	2018 AED m
Balance brought forward	**479**	**456**
Acquisitions (Note 33)	7	-
Current service cost	55	53
Interest cost	20	20
Remeasurement		
- changes in experience / demographic assumptions	(3)	(11)
- changes in financial assumptions	17	14
Payments made during the year	(43)	(53)
Currency translation differences	(2)	-
Balance carried forward	**530**	**479**

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 to settle the benefits relating to the employee's service in the current and prior periods.

The total amount recognised in the consolidated income statement in respect of all the plans is as follows:

	2019 AED m	2018 AED m
Defined benefit plans		
Funded schemes		
Service and interest cost - net	42	39
	42	**39**
Unfunded schemes		
Service cost	55	53
Interest cost	20	20
	75	**73**
Defined contribution plans		
Contributions expensed	**142**	**147**
Recognised in the consolidated income statement	**259**	**259**

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

Assumption	**Change**	**Effect on defined benefit obligation**	
		Subsidiaries AED m	**Parent** AED m
Discount rate	+ 0.5%	(48)	(31)
	- 0.5%	55	36
Expected salary increases	+ 0.5%	6	36
	- 0.5%	(6)	(32)

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

	2019 Years	2018 Years
Funded scheme - Swiss plan	16.5	17.0
Funded scheme - Netherlands plan	20.5	21.0
Unfunded scheme	13.7	12.9

Through its defined benefit plans dnata 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 above the expected rate of salary increase will increase the retirement benefit obligations.

20. Other provisions

	2019 AED m	2018 AED m
Balance brought forward	**60**	**69**
Charge for the year	53	14
Acquisitions (Note 33)	49	-
Utilised during the year	(45)	(30)
Unutilised amounts reversed	(5)	(9)
Currency translation differences	(6)	16
Balance carried forward	**106**	**60**

Provisions are expected to be used as follows:

	2019 AED m	2018 AED m
Within one year (Note 18)	90	47
Over one year (Note 18)	16	13

21. Borrowings and lease liabilities

	2019 AED m	2018 AED m
Non-current		
Term loans (Note 22)	1,125	828
Lease liabilities (Note 23)	52	39
	1,177	**867**
Current		
Term loans (Note 22)	320	207
Lease liabilities (Note 23)	17	12
Bank overdrafts (Note 28)	95	73
	432	**292**
	1,609	**1,159**

Borrowings and lease liabilities are denominated in the following currencies:

	2019 AED m	2018 AED m
Australian Dollar	480	117
US Dollar	444	271
Pound Sterling	263	314
UAE Dirham	185	213
Swiss Franc	107	121
Singapore Dollar	50	55
Euro	33	33
Others	47	37

22. Term loans

	2019 AED m	2018 AED m
Balance brought forward	**1,036**	**829**
Acquisitions (Note 33)	9	-
Additions	613	475
Repayments	(156)	(306)
Currency translation differences	(55)	38
	1,447	**1,036**
Less: Transaction costs	(2)	(1)
Balance carried forward	**1,445**	**1,035**
Term loans are repayable as follows:		
Within one year	**320**	**207**
Between 2 and 5 years	1,019	680
After 5 years	106	148
Total over one year	**1,125**	**828**
Term loans are denominated in the following currencies:		
Australian Dollar	444	95
US Dollar	444	271
Pound Sterling	232	292
UAE Dirham	157	183
Swiss Franc	90	100
Singapore Dollar	50	55
Euro	25	33
Others	3	6

Contractual repricing dates are set at three to six month intervals. The effective interest rate on the term loans was 3.1% (2018: 2.4%) per annum. The carrying amounts of the term loans approximate their fair values. The fair values are 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 Franc is designated as a hedge of the net investment in dnata Switzerland AG. The foreign exchange movement on translation of the loan at the end of the reporting period is a loss of AED 4 m (2018: gain of AED 9 m), recognised in the translation reserve through other comprehensive income.

23. Lease liabilities

Finance leases	2019 AED m	2018 AED m
Balance brought forward	**51**	**33**
Acquisitions (Note 33)	3	-
Additions	34	26
Repayments	(16)	(9)
Currency translation differences	(3)	1
Balance carried forward	**69**	**51**
Gross lease liabilities:		
Within one year	19	13
Between 2 and 5 years	39	28
After 5 years	19	12
	77	**53**
Future interest	(8)	(2)
Present value of lease liabilities	**69**	**51**
The present value of lease liabilities is repayable as follows:		
Within one year	**17**	**12**
Between 2 and 5 years	34	27
After 5 years	18	12
Total over one year	**52**	**39**
The present value of lease liabilities is denominated in the following currencies:		
Australian Dollar	36	22
Swiss Franc	17	21
Others	16	8

Lease liabilities are secured on the related plant and machinery.

The carrying amount of lease liabilities approximate to their fair values. The fair values are 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.

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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:

	2019 AED m	2018 AED m
Deferred income tax assets	110	81
Deferred income tax liabilities	(153)	(142)
	(43)	**(61)**

	2019 AED m	2018 AED m
Movements in the deferred tax account are as follows:		
Balance brought forward	**(61)**	**(86)**
Acquisitions (Note 33)	9	(2)
Credited to the consolidated income statement	12	61
Currency translation differences	(3)	(3)
Others	-	(31)
Balance carried forward	**(43)**	**(61)**

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 assets

	Tax losses AED m	Provisions AED m	Other AED m	Total AED m
1 April 2017	**16**	**41**	**40**	**97**
(Charged) / credited to the consolidated income statement	(4)	6	7	9
Currency translation differences	2	2	1	5
Others	-	(11)	3	(8)
31 March 2018	**14**	**38**	**51**	**103**
Acquisitions (Note 33)	-	-	32	32
(Charged) / credited to the consolidated income statement	(8)	12	2	6
Currency translation differences	(1)	(5)	(7)	(13)
Others	8	(5)	(3)	-
31 March 2019	**13**	**40**	**75**	**128**

Deferred income tax liabilities

	Property, plant and equipment AED m	Intangible assets AED m	Other AED m	Total AED m
1 April 2017	**(38)**	**(144)**	**(1)**	**(183)**
Acquisitions	-	(2)	-	(2)
Credited to the consolidated income statement	5	47	-	52
Currency translation differences	(2)	(6)	-	(8)
Others	(18)	(4)	(1)	(23)
31 March 2018	**(53)**	**(109)**	**(2)**	**(164)**
Acquisitions (Note 33)	-	(23)	-	(23)
(Charged) / credited to the consolidated income statement	(9)	15	-	6
Currency translation differences	1	9	-	10
Others	2	(2)	-	-
31 March 2019	**(59)**	**(110)**	**(2)**	**(171)**

25. Operating leases

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

	2019 AED m	2018 AED m
Less than 1 year	494	396
Between 2 and 5 years	1,167	1,232
After 5 years	767	1,003
	2,428	**2,631**

26. Capital commitments

	2019 AED m	2018 AED m
dnata	657	373
Joint ventures	9	12
	666	**385**

27. Guarantees

	2019 AED m	2018 AED m
Guarantees and letters of credit provided by banks in the normal course of business	**442**	**396**

Guarantees and letters of credit include AED 53 m (2018: AED 45 m) provided by companies under common control on normal commercial terms.

28. Short term bank deposits, cash and cash equivalents

	2019 AED m	2018 AED m
Bank deposits	4,318	4,054
Cash and bank	804	891
Cash and bank balances	**5,122**	**4,945**
Less: Short term bank deposits - over 3 months original maturity	(3,121)	(3,760)
Cash and cash equivalents as per the consolidated statement of financial position	**2,001**	**1,185**
Bank overdrafts (Note 21)	(95)	(73)
Cash and cash equivalents as per the consolidated statement of cash flows	**1,906**	**1,112**

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 3.3% (2018: 2.8%) per annum.

29. Derivative financial instruments

	2019 AED m	2018 AED m
Current liabilities		
Currency swaps and forwards	11	25

The notional principal amounts outstanding are:

	2019 AED m	2018 AED m
Currency contracts	902	1,000

30. Classification of financial instruments

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

	Financial assets at amortised cost AED m	Derivative financial instruments AED m	Assets and liabilities at fair value through profit or loss AED m	Financial liabilities at amortised cost AED m	Total AED m
2019					
Assets					
Trade and other receivables (excluding prepayments and advance lease rentals)	3,198	-	-	-	3,198
Short term bank deposits	3,121	-	-	-	3,121
Cash and cash equivalents	2,001	-	-	-	2,001
Total	**8,320**	**-**	**-**	**-**	**8,320**
Liabilities					
Borrowings and lease liabilities	-	-	-	1,609	1,609
Trade and other payables (excluding deferred revenue and customer advances)	-	-	69	3,598	3,667
Derivative financial instruments	-	11	-	-	11
Total	**-**	**11**	**69**	**5,207**	**5,287**
2018					
Assets					
Trade and other receivables (excluding prepayments and advance lease rentals)	3,095	-	-	-	3,095
Short term bank deposits	3,760	-	-	-	3,760
Cash and cash equivalents	1,185	-	-	-	1,185
Total	**8,040**	**-**	**-**	**-**	**8,040**
Liabilities					
Borrowings and lease liabilities	-	-	-	1,159	1,159
Trade and other payables (excluding deferred revenue and customer advances)	-	-	17	4,149	4,166
Derivative financial instruments	-	25	-	-	25
Total	**-**	**25**	**17**	**5,308**	**5,350**

Except as otherwise stated, the carrying amounts of financial assets and financial liabilities approximate their fair values and fall into level 3 of the fair value hierarchy.

31. Related party transactions and balances

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

dnata and Emirates (a company under common control) 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.

	2019 AED m	2018 AED m
Trading transactions		
(i) Sale of goods and services		
Sale of goods - Companies under common control	424	434
Services rendered - Companies under common control	2,285	2,262
Services rendered - Joint ventures	55	53
Services rendered - Associates	15	13
	2,779	**2,762**
(ii) Purchase of goods and services		
Purchase of goods - Companies under common control	136	114
Services received - Companies under common control	586	499
Services received - Joint ventures	218	220
	940	**833**
Other transactions		
(i) Finance income		
Companies under common control	120	74
Joint ventures	3	4
	123	**78**
(ii) Finance cost		
Companies under common control	**1**	**5**
(iii) Compensation to key management personnel		
Salaries and short-term employee benefits	28	49
Retirement benefits	6	5
	34	**54**

dnata uses public utilities provided by number of Government controlled entities 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. Transactions falling in these expense categories are individually insignificant and carried out on an arm's length basis.

	2019 AED m	2018 AED m
Year end balances		
(i) Receivables-sale of goods and services (Note 14)		
Companies under common control	237	287
Joint ventures	47	46
Associates	36	38
	320	**371**
(ii) Payables-purchase of goods and services (Note 17)		
Companies under common control	51	55
Joint ventures	16	44
Associates	3	3
	70	**102**
(iii) Borrowings		
Companies under common control	**157**	**184**
(iv) Loans - receivable (Note 14)		
Joint ventures	97	113
Associates	7	-
	104	**113**
Movements in the loans were as follows:		
Balance brought forward	**113**	**111**
Additions	7	12
Repayments	(7)	(24)
Currency translation differences	(9)	14
Balance carried forward	**104**	**113**
Receivable within one year	**8**	**113**
Receivable over one year	**96**	**-**

The loans earned effective interest of 3.0% (2018: 2.9%) 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 consolidated 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 Franc, GBP LIBOR for Pound Sterling, BBSY for Australian Dollar, EURIBOR for Euro and SIBOR for Singapore Dollar. 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 Franc, Euro, Pound Sterling, Singapore Dollar and Australian Dollar. 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 3,591 m (2018: 3,418 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:

	2019 AED m	2018 AED m
AA- to AA+	288	156
A- to A+	3,780	3,891
BBB+	639	377
Lower than BBB+	404	509
Unrated	-	2

(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 and to ensure dnata has adequate resources for its operations.

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
2019				
Borrowings and lease liabilities	480	1,144	129	1,753
Derivative financial instruments	11	-	-	11
Trade and other payables (excluding deferred revenue and customer deposits)	3,562	105	-	3,667
	4,053	**1,249**	**129**	**5,431**
2018				
Borrowings and lease liabilities	324	763	169	1,256
Derivative financial instruments	25	-	-	25
Trade and other payables (excluding deferred revenue and customer deposits)	4,096	70	-	4,166
	4,445	**833**	**169**	**5,447**

33. Acquisitions

2019

Qantas Catering

In October 2018, dnata through its wholly owned subsidiary Alpha Flight Services Pty Ltd, Australia, acquired 100% ownership of Qantas Catering Group Ltd and Snap Fresh Pty Ltd, together forming the Qantas Catering business. The acquired business creates and prepares in-flight meals and provides airline catering logistics in Australia.

121 Group

In November 2018, dnata through its wholly owned subsidiary Alpha Flight US Inc. acquired 85% ownership of 121 Group International LLC in the US ("121 Group"). The group provides inflight catering services to international commercial airlines and private flights, commissary goods to airport kiosks through its locations in Oxford, Connecticut, Inwood and New York. The group also operates restaurants in New York and Connecticut.

Others

In June 2018, dnata acquired 70% ownership in DUBZ Holding Limited ("DUBZ"). The company provides home check-in and passenger baggage transportation services to the airport in UAE.

In October 2018, dnata acquired 100% ownership of TROPO Gmbh. TROPO GmbH is a travel tour operator based in Germany.

In November 2018, dnata through its wholly owned subsidiary Dnata Travel Holdings UK Limited acquired 73.4% ownership of BD4travel Limited ("BD4T"). BD4T is a German start-up and offers technology for analysing individual customer's behaviour in an online website in real time.

In February 2019 dnata acquired the remaining 50% equity stake in Dubai Express LLC and Freightworks Logistics LLC for AED 40m.

Assets, liabilities and consideration related to the above acquisitions are disclosed under 'Others' in the table below.

Assets and liabilities arising from and recognised on acquisitions have been measured on provisional basis, pending the fair valuation of acquired net assets.

	Qantas Catering	121 Group	Others	Total
	AED m	AED m	AED m	AED m
Property, plant and equipment (Note 8)	141	27	13	181
Intangible assets (Note 10)	45	12	27	84
Other current assets	145	27	84	256
Deferred income tax assets (Note 24)	32	-	-	32
Cash and cash equivalents	-	-	67	67
Deferred income tax liabilities (Note 24)	(13)	(3)	(7)	(23)
Retirement benefit obligations (Note 19)	-	-	(7)	(7)
Borrowings and lease liabilities	-	(12)	-	(12)
Provisions (Note 20)	(47)	(2)	-	(49)
Current liabilities	(118)	(36)	(97)	(251)
Fair value of net assets acquired	**185**	**13**	**80**	**278**
Less: Non-controlling interest	-	(5)	(3)	(8)
dnata's share of net assets acquired	**185**	**8**	**77**	**270**
Goodwill (Note 10)	193	41	86	320
Total purchase consideration	**378**	**49**	**163**	**590**
Less: Cash and cash equivalents acquired	-	-	(67)	(67)
Less: Fair value of retained interest	-	-	(40)	(40)
Less: Deferred consideration	-	-	(3)	(3)
Cash outflow on acquisition	**378**	**49**	**53**	**480**

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:

	Qantas Catering	121 Group	Others	Total
	AED m	AED m	AED m	AED m
Acquisition-related costs	4	3	2	9
Contribution from acquired businesses				
Revenue from acquisition date to 31 March 2019	453	50	113	616
Loss from acquisition date to 31 March 2019	(3)	(18)	(8)	(29)
If the acquisition had taken place at the beginning of the year				
Revenue	1,133	179	346	1,658
Profit / (loss)	30	(10)	(12)	8

2018

In May 2017, dnata acquired a 100% shareholding in ALX Cargo Center IAH LLC ("ALX"), through its wholy owned subsidiary dnata Aviation Services US Inc. at a purchase consideration of AED 12 m. ALX primarily operates a perishable cargo facility based at Houston Airport (“IAH”). The purchase consideration is attributable to customer relationship and goodwill.

In September 2017, dnata acquired 100% ownership of Destination Asia (Singapore) Pte Limited. The purchase consideration and the assets and liabilities arising from and recognised on this acquisition are not significant.

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 2019, dnata achieved a return on equity of 19.2% (2018: 19.3%).

ADDITIONAL INFORMATION

Emirates ten-year overview

Consolidated income statement		**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**
Revenue and other operating income	AED m	97,907	92,322	85,083	85,044	88,819	82,636	73,113	62,287	54,231	43,455
Operating costs	AED m	95,260	88,236	82,648	76,714	82,926	78,376	70,274	60,474	48,788	39,890
- of which jet fuel	AED m	30,768	24,715	20,968	19,731	28,690	30,685	27,855	24,292	16,820	11,908
- of which employee costs	AED m	12,623	13,080	12,864	12,452	11,851	10,230	9,029	7,936	7,615	6,345
Operating profit	AED m	2,647	4,086	2,435	8,330	5,893	4,260	2,839	1,813	5,443	3,565
Profit attributable to the Owner	AED m	871	2,796	1,250	7,125	4,555	3,254	2,283	1,502	5,375	3,538
Consolidated statement of financial position											
Non-current assets	AED m	96,483	93,417	93,722	87,752	83,627	74,250	59,856	51,896	43,223	36,870
Current assets	AED m	30,915	34,170	27,836	31,427	27,735	27,354	34,947	25,190	21,867	18,677
- of which cash assets	AED m	17,037	20,420	15,668	19,988	16,885	16,561	24,572	15,587	13,973	10,511
Total assets	AED m	127,398	127,587	121,558	119,179	111,362	101,604	94,803	77,086	65,090	55,547
Total equity	AED m	37,743	37,046	35,094	32,405	28,286	25,471	23,032	21,466	20,813	17,475
- of which equity attributable to the Owner	AED m	37,149	36,454	34,508	31,909	27,886	25,176	22,762	21,224	20,606	17,274
Non-current liabilities	AED m	52,190	49,975	48,082	48,250	48,595	43,705	40,452	30,574	22,987	19,552
Current liabilities	AED m	37,465	40,566	38,382	38,524	34,481	32,428	31,319	25,046	21,290	18,520
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	10,528	14,134	10,425	14,105	13,265	12,649	12,814	8,107	11,004	8,328
Cash flow from investing activities	AED m	(1,360)	(10,977)	(3,129)	(2,361)	(6,411)	(4,257)	(15,061)	(10,566)	(5,092)	(577)
Cash flow from financing activities	AED m	(9,807)	(6,442)	(10,502)	(7,975)	(6,264)	(7,107)	1,240	(201)	(5,046)	(2,982)
Net change in cash and cash equivalents	AED m	(639)	(3,285)	(3,206)	3,769	590	1,285	(1,007)	(2,660)	866	4,769
Other financial data											
Net change in cash assets	AED m	(3,383)	4,752	(4,320)	3,103	324	(8,011)	8,985	1,614	3,462	3,343
EBITDAR	AED m	24,291	24,970	21,248	24,415	20,259	17,229	13,891	10,735	13,437	10,638
Borrowings and lease liabilities	AED m	53,039	51,101	51,002	50,105	47,808	42,431	40,525	30,880	23,230	19,605
Less: Cash assets	AED m	17,037	20,420	15,668	19,988	16,885	16,561	24,572	15,587	13,973	10,511
Net debt	AED m	36,002	30,681	35,334	30,117	30,923	25,870	15,953	15,293	9,257	9,094
Capital expenditure	AED m	13,437	8,496	12,632	16,723	19,873	21,142	13,378	13,644	12,238	8,053

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		**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**
Operating margin	%	2.7	4.4	2.9	9.8	6.6	5.2	3.9	2.9	10.0	8.2
Profit margin	%	0.9	3.0	1.5	8.4	5.1	3.9	3.1	2.4	9.9	8.1
Return on shareholder's funds	%	2.4	7.9	3.8	23.8	17.2	13.6	10.4	7.2	28.4	21.6
EBITDAR margin	%	24.8	27.0	25.0	28.7	22.8	20.8	19.0	17.2	24.8	24.5
Cash assets to revenue and other operating income	%	17.4	22.1	18.4	23.5	19.0	20.0	33.6	25.0	25.8	24.2
Net debt to equity ratio	%	95.4	82.8	100.7	92.9	109.3	101.6	69.3	71.2	44.5	52.0
Net debt (incl. aircraft operating leases) to equity ratio	%	209.8	216.4	237.9	215.9	212.1	209.9	186.4	162.1	127.6	158.5
Net debt (incl. aircraft operating leases) to EBITDAR	%	326.0	321.0	392.9	286.5	296.2	310.3	309.1	324.1	197.6	260.3
Effective interest rate on borrowings and lease liabilities	%	4.0	3.2	3.0	3.1	3.3	3.2	3.1	3.0	2.7	2.5
Fixed to floating debt mix		65:35	72:28	75:25	92:8	85:15	94:6	90:10	89:11	89:11	83:17
Airline Operating Statistics											
Performance Indicators											
Yield	Fils per RTKM	219	213	204	218	245	250	249	251	232	211
Unit cost	Fils per ATKM	146	139	132	132	158	162	167	166	147	136
Unit cost excluding jet fuel	Fils per ATKM	97	98	97	97	102	97	99	97	95	94
Breakeven load factor	%	66.4	65.2	64.5	60.4	64.7	64.9	66.9	65.9	63.6	64.4
Fleet											
Aircraft	number	270	268	259	251	231	217	197	169	148	142
Average fleet age	months	73	68	63	74	75	74	72	77	77	69
Production											
Destination cities	number	158	157	156	153	144	142	133	123	112	102
Overall capacity	ATKM million	63,340	61,425	60,461	56,383	50,844	46,820	40,934	35,467	32,057	28,526
Available seat kilometres	ASKM million	390,775	377,060	368,102	333,726	295,740	271,133	236,645	200,687	182,757	161,756
Aircraft departures	number	203,281	201,858	204,543	199,754	181,843	176,039	159,892	142,129	133,772	123,055
Traffic											
Passengers carried	number '000	58,601	58,485	56,076	51,853	48,139	44,537	39,391	33,981	31,422	27,454
Passenger seat kilometres	RPKM million	299,967	292,221	276,608	255,176	235,498	215,353	188,618	160,446	146,134	126,273
Passenger seat factor	%	76.8	77.5	75.1	76.5	79.6	79.4	79.7	80.0	80.0	78.1
Cargo carried	tonnes '000	2,659	2,623	2,577	2,509	2,377	2,250	2,086	1,796	1,767	1,580
Overall load carried	RTKM million	42,304	41,250	39,296	36,931	34,207	31,137	27,621	23,672	22,078	19,063
Overall load factor	%	66.8	67.2	65.0	65.5	67.3	66.5	67.5	66.7	68.9	66.8
Employee											
Average employee strength-EK	number	60,282	62,356	64,768	61,205	56,725	52,516	47,678	42,422	38,797	36,652
Average employee strength-airline	number	47,808	49,740	51,628	48,023	44,571	41,471	38,067	33,634	30,258	28,686
Revenue per airline employee	AED '000	1,975	1,784	1,580	1,717	1,939	1,938	1,868	1,796	1,738	1,459

Notes :
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2. Comparative figures are restated, where applicable, according to IFRS rules i.e. only the immediately preceding year's figures are restated and figures beyond that year have not been amended.

dnata ten-year overview

Consolidated income statement		**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**
Revenue and other operating income	AED m	14,419	13,074	12,182	10,630	9,160	7,565	6,622	5,755	4,406	3,160
Operating costs	AED m	13,141	11,878	10,958	9,569	8,155	6,702	5,807	4,971	3,906	2,601
- of which employee costs	AED m	5,386	5,055	4,654	3,847	3,351	3,251	2,771	2,488	2,032	1,387
- of which travel services direct costs	AED m	2,476	2,135	1,913	1,951	1,458	84	n/a	n/a	n/a	n/a
- of which airport operations direct costs	AED m	1,350	1,293	1,138	949	824	883	798	699	582	442
- of which inflight catering direct cost	AED m	1,070	843	794	715	735	663	601	451	241	35
Operating profit	AED m	1,278	1,196	1,224	1,061	1,005	863	815	784	500	559
Profit attributable to the Owner	AED m	1,445	1,317	1,210	1,054	906	829	819	808	576	613
Consolidated statement of financial position											
Non-current assets	AED m	6,196	5,718	5,372	4,590	4,219	4,364	3,594	3,759	3,072	1,934
Current assets	AED m	8,895	8,574	6,675	6,388	5,427	4,303	3,977	3,360	3,328	2,704
- of which cash assets	AED m	5,122	4,945	3,398	3,465	3,148	2,434	2,396	1,999	2,083	1,982
Total assets	AED m	15,091	14,292	12,047	10,978	9,646	8,667	7,571	7,119	6,400	4,638
Total equity	AED m	8,027	7,282	6,706	5,554	4,853	4,756	4,097	3,683	3,282	3,194
- of which equity attributable to the Owner	AED m	7,911	7,103	6,539	5,387	4,788	4,674	4,028	3,614	3,209	3,194
Non-current liabilities	AED m	2,126	1,734	1,542	1,362	1,213	1,386	1,351	1,275	1,115	672
Current liabilities	AED m	4,938	5,276	3,799	4,062	3,580	2,525	2,123	2,161	2,003	772
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	1,417	1,858	1,281	1,390	1,058	1,125	1,162	1,167	901	764
Cash flow from investing activities	AED m	78	(2,157)	(961)	(1,076)	(697)	316	(1,910)	(431)	(1,333)	391
Cash flow from financing activities	AED m	(643)	78	(146)	(496)	(344)	(443)	(343)	(718)	(96)	(73)
Net change in cash and cash equivalents	AED m	852	(221)	174	(182)	17	998	(1,091)	18	(528)	1,082
Other financial data											
Cash assets	AED m	5,122	4,945	3,398	3,465	3,148	2,434	2,396	1,999	2,083	1,982

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.

Key ratios		**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**
Operating margin	%	8.9	9.1	10.0	10.0	11.0	11.4	12.3	13.6	11.3	17.7
Profit margin	%	10.0	10.1	9.9	9.9	9.9	11.0	12.4	14.0	13.1	19.4
Return on shareholder's funds	%	19.2	19.3	20.3	20.7	19.2	19.1	21.4	23.7	18.0	21.3
Employee											
Average employee strength	number	45,004	41,007	40,978	34,117	27,428	22,980	20,229	18,356	17,971	13,298
Revenue per employee	AED '000	320	319	297	333	399	356	327	322	323	266
Performance Indicators											
Airport											
Aircraft handled	number	698,739	659,591	623,611	389,412	298,298	288,335	264,950	253,434	232,585	192,120
Cargo handled	tonnes '000	3,091	3,083	2,844	2,056	1,671	1,604	1,570	1,543	1,494	1,121
Catering											
Meals uplifted	number '000	70,889	55,718	60,747	57,062	57,687	41,275	28,584	26,708	11,743	
Travel services											
Total transaction value (TTV)	AED m	11,459	11,281	10,687	11,747	9,782	5,892	5,357	2,630	1,610	1,559

Notes :
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2.Comparative figures are restated, where applicable, according to IFRS rules i.e. only the immediately preceding year's figures are restated and figures beyond that year have not been amended

Group ten-year overview

Financial highlights		**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**
Revenue and other operating income*	AED m	109,255	102,409	94,706	92,896	96,053	87,766	77,536	66,149	57,224	45,405
Operating costs*	AED m	105,330	97,127	91,047	83,505	89,155	82,643	73,882	63,552	51,281	41,281
Operating profit	AED m	3,925	5,282	3,659	9,391	6,898	5,123	3,654	2,597	5,943	4,124
Operating margin	%	3.6	5.2	3.9	10.1	7.2	5.8	4.7	3.9	10.4	9.1
Profit attributable to the Owner	AED m	2,316	4,113	2,460	8,179	5,461	4,083	3,102	2,310	5,951	4,151
Profit margin	%	2.1	4.0	2.6	8.8	5.7	4.7	4.0	3.5	10.4	9.1
Dividend to the Owner	AED m	500	2,000	-	2,500	2,569	1,026	1,000	850	2,208	1,556
Financial position											
Total assets**	AED m	142,267	141,625	133,281	129,989	120,886	110,100	102,188	84,127	71,402	60,147
Cash assets	AED m	22,159	25,365	19,066	23,453	20,033	18,995	26,968	17,586	16,056	12,493
Employee data											
Average employee strength	number	105,286	103,363	105,746	95,322	84,153	75,496	67,907	60,778	56,768	49,950

* After eliminating inter company income/expense of the year

** After eliminating inter company receivables/payables as at year end

Notes :

1. The ten-year overview has been extracted from the audited financial statements which have been drawn up in compliance with IFRS. New Standards and amendments to existing IFRS have been adopted on the effective dates applicable to the Emirates Group.
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Group companies of Emirates

Air transportation related services

Emirates

- 100% The High Street LLC (UAE)
- 100% Transguard Aviation Security LLC (UAE)
- 50% Emirates - CAE Flight Training LLC (UAE)
- 50% CAE Middle East Pilot Services LLC (UAE)

Catering services

Emirates

- 90% Emirates Flight Catering Co. (LLC) (UAE)
  - 60% Emirates Crop One (LLC) (UAE)

Consumer goods

Emirates

- 100% Maritime and Mercantile International (Holding LLC) (UAE)
  - 100% MMI Tanzania PVT Ltd
  - 100% Queen OS Trading FZE (UAE)
  - 90% Seyvine Ltd (Seychelles)
  - 81.5% Prembev International FZE (UAE)
    - 100% Brand 2 Consumer (Pty) Ltd (South Africa)
  - 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
      - 92.5% Sohar Catering & Supplies Co. 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% Lanka Premium Beverage PVT Limited (Sri Lanka)
  - 49% Independent Wine & Spirit (Thailand) Co. Ltd
  - 40% Diamond Wines & Spirits PTE. Ltd (Singapore)
  - 40% Titanium International Wines & Spirits PTE. Ltd (Singapore)
  - 40% Velocity Wines & Spirits PTE. Ltd (Singapore)
  - 15% Savero Distributors Ltd (Cyprus)

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 Shepparton Pty Ltd (Australia)
    - 100% Hudsons WA Airports Pty Ltd (Australia)
    - 100% Hudsons William Pty Ltd (Australia)
  - 100% Emirates Leisure Retail (Singapore) Pte Ltd
  - 100% Emirates Leisure Retail (New Zealand) Pte Ltd
  - 68.7% Emirates Leisure Retail LLC (UAE)
    - 100% Community Club Management FZE (UAE)
- 51% Premier Inn Hotels LLC (UAE)

Note: Percentages indicate beneficial interest in the company, legal 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 Limited (UK)
  - 100% Airline Cleaning Services Pty Ltd (Australia)
  - 100% dnata Aviation Services Canada Limited
    - 50% G.T.A. Dnata Ground Handling Limited (Canada)
    - 50% G.T.A. Dnata Ground Handling YVR Limited (Canada)
    - 50% G.T.A. Dnata World Cargo Limited (Canada)
  - 100% dnata Aviation Services US Inc. (USA)
    - 100% ALX Cargo Centre IAH LLC (USA)
    - 100% dnata Aviation USA Inc.
    - 100% Ground Services International Inc. (USA)
    - 100% Metro Air Service Inc. (USA)
  - 100% dnata BV (The Netherlands)
    - 100% dnata NV (Belgium)
  - 100% dnata Limited (UK)
    - 100% dnata Cargo Limited (UK)
    - 100% dnata Ground Limited (UK)
    - 35.7% Airports Bureau Systems Ltd (UK)
  - 100% dnata Pty Ltd (Australia)
    - 100% dnata Airport Services Pty Ltd. (Australia)
    - 100% Airport Handling Services Australia Pty Ltd
  - 100% Dnata Switzerland AG
    - 30% GVAssistance SA (Switzerland)
    - 70% Airport Handling SpA (Italy)
    - 70% RM Servicos Auxilliares de Transporte Aereo Ltda (Brazil)
- 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)
- 100% Dubai Express LLC (UAE)
- 100% Freightworks Logistics LLC (UAE)
- 95% Air Dispatch (CLC) s.r.o. (Czech Republic)
  - 100% Air Dispatch (CLC) Spolka z.o.o. (Poland)
- 80% Dnata Airport Services Kurdistan (Cayman Islands)
  - 100% Dnata for Airport Services Ltd (Kurdistan, Iraq)
- 70% Dubz Holding Limited (BVI)
  - 100% Delivering Your Bags Passenger Luggage Delivery LLC (UAE)
- 51% Bolloré Logistics LLC (UAE)
- 50% Dnata-PWC Airport Logistics LLC (UAE)
- 50% Gerry's Dnata (Private) Ltd (Pakistan)

Catering

dnata

- 100% Dnata Catering Services Limited (UK)
  - 100% Alpha Flight Group Limited (UK)
    - 100% Alpha Flight Services Pty Ltd (Australia)
      - 100% Alpha ATS Pty Ltd (Australia)
      - 100% dnata Catering Australia Subsidiary 2 Pty Ltd [1]
        - 100% dnata Catering Australia Subsidiary 1 Pty Ltd [2]
      - 100% Snap Fresh Pty Ltd (Australia)
    - 100% Alpha Flight US, Inc.
      - 100% Alpha In flight US, LLC
      - 85% dnata Catering US, LLC (USA) [3]
        - 100% 121 Group Holdings LLC (USA)
          - 100% 121 at BNA LLC (USA)
          - 100% 121 at Oxford LLC (USA)
          - 100% dnata US Inflight Catering LLC (USA)
          - 100% North Salem Deli LLC (USA)
    - 100% Dnata Catering Canada Limited
    - 100% dnata Catering Ireland Ltd
    - 100% dnata s.r.l (Italy)
    - 80% Alpha Flight a.s. (Czech Republic)
    - 64.2% dnata Catering SRL (Romania)
    - 50% Alpha LSG Ltd (UK)
      - 100% Alpha Flight UK Ltd
    - 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)
  - 100% En Route International Limited (UK)
    - 100% En Route Belgium NV
    - 100% En Route International Australia Pty, Ltd
    - 100% En Route International General Trading LLC (UAE)
    - 100% En Route International Limited (Hong Kong)
    - 100% En Route International South Africa (Pty) Ltd
    - 100% En Route International USA, Inc.

[1] Previously Qantas Catering Group Limited
[2] Previously Q Catering Limited
[3] Previously 121 Group International LLC

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.
* Also provides catering services

Group companies of dnata

Travel services

dnata / dnata World Travel

- 100% Cleopatra International Travel WLL (Bahrain)
- 100% dnata Aviation Services Holdings Limited
  - 100% Destination Asia (Singapore) Pte Limited
  - 29% Destination Asia Destination Management Sdn Bhd (Malaysia)
  - 25% Destination Asia Japan Limited
  - 25% Destination Asia Ltd (Hong Kong)
  - 25% Destination Asia (Thailand) Limited
  - 25% Destination Asia (Vietnam) Limited
  - 25% Destination Group Asia (Hong Kong) Limited
  - 25% DMC Management Asia Services Limited (Hong Kong)
  - 25% PT Destination Asia (Indonesia)
- 100% dnata International Private Ltd (India)
  - 100% dnata Marketing Services Pvt Ltd (India)
- 100% dnata Travel and Tourism WLL (Bahrain)
- 100% dnata Travel Holdings UK Limited
  - 100% Airline Network Limited (UK)
  - 100% Gold Medal International Limited (UK)
  - 100% Gold Medal Travel Group Ltd (UK)
    - 100% Gold Medal Transport Ltd (UK)
  - 100% Personalised Travel Services Limited (UK)
  - 100% Stella Global UK Limited
  - 100% Stella Travel Services (UK) Limited
  - 100% Sunmaster Limited (UK)
  - 100% The Global Travel Group Limited (UK)
  - 100% Travel 2 Limited (UK)
  - 100% Travelbag Limited (UK)
  - 100% Travel Republic Ltd (UK)
  - 73.41% BD4 Travel Limited (UK)
    - 100% BD4 GmbH (Germany)
  - 14.29% Travel Technology Initiative Limited (UK)
- 100% dnata Travel Inc. (Philippines)
- 100% Dnata Travel (UK) Limited
  - 100% DN Travel ApS (Denmark)
- 100% dnata World Travel Limited (UK)
  - 100% Travel Technology Investments Limited (UK)
    - 100% Travel Republic Holdings Limited (UK)
- 100% EAP Shared Services d.o.o.Beograd (Serbia)
- 100% Maritime and Mercantile International Travel LLC (UAE)
  - 76.9% Oman United Agencies Travel LLC
    - 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 Iberian, Sociedad Limitada (Spain)
  - 100% Travel Partners (London) Limited (UK)
- 100% Tropo GmbH(Germany)
- 75% Super Bus Tourism LLC (UAE)
- 70% dnata Travel Company Limited (Saudi Arabia)
  - 100% dnata Aviation Services Company Limited (Saudi Arabia)
- 51% Imagine Enterprises 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)
  - 100% Imagine Cruising (WA) Pty Ltd (Australia)
- 50% Dunya Travel LLC (UAE)
  - 100% Dunya Air Services LLC (UAE)
- 50% G Travel International LLC (UAE)
- 50% Najm Travels LLC (Afghanistan)
- 50% Travel Counsellors 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 Cash Services LLC (UAE)
  - 100% Transguard Group International LLC (UAE)
    - 100% Transguard Group Cash KSA LLC (UAE)
    - 51% Transguard Group International LLC (Oman)
- 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.

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