THE EMIRATES GROUP

ANNUAL REPORT

2015-16

His Highness Sheikh Mohammed bin Rashid Al Maktoum

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

The UAE's rise as a major global economic hub has not been the result of focusing merely on rapid commercial growth. The country's achievements have sprung from a vision of growth that touched every aspect of development.

Growth has never been a one-dimensional concept for the UAE. In our national strategies, we have always addressed a wide range of areas that are critical to creating real, sustainable growth.

Diversification has been a key part of this vision. The continued high performance of diverse sectors like financial services, transport, manufacturing and construction is testimony to the UAE's visionary diversification strategy, the seeds of which were sown decades ago by our nation's founders.

Winning the Expo 2020 bid was a recognition of the wide-ranging progress that the UAE has achieved. As we move ahead with the preparations for the world's largest and oldest international exhibition, Expo 2020 will be a catalyst for further diversification and development.

The UAE's strategy of sustained diversification has enabled it to weather the effects of global economic turbulence. The solid economic foundation that this diversification has given us is also enabling us today to prepare for a post-oil future.

Our definition of growth and development is by no means restricted to the economy. While we seek to be economically competitive, we also place a high priority on the happiness of our people. The UAE's aim is to be a trailblazer when it comes to the happiness of our people. This is why we have appointed our first Minister of Happiness.

We can take pride in Dubai's and the UAE's achievements. But we have to be ever vigilant against complacency. Our aim is not only to maintain our successes, but also to move into a new phase of development, where we will play an even bigger role in the global economy. To be resilient and succeed in a changing environment, we have to keep developing our capabilities as a nation and as people, and continue diversifying our resources.

I believe this drive for continuous evolution is an integral part of the spirit and mindset of our people, and is firmly embedded in the DNA of many of our leading national corporations.

The Emirates Group is one of the UAE corporations that best represents this spirit of growth, innovation and resilience. Both Emirates and dnata have grown with Dubai and the UAE from modest beginnings to become global players. Against all odds, fierce competition, and numerous challenges, the Emirates Group has built a successful enterprise. This has been achieved by continuously innovating in every aspect of its operations. They have taken their strong core business model and built on it by adding new capabilities and taking advantage of new technologies.

Looking at the Group's committed investments in its people, technology, and facilities – all critical enablers for innovation and transformation - I have no doubt that Emirates and dnata will continue to thrive and contribute to Dubai's and the UAE's success.

Emirates is a global airline, serving 151 airports in 80 countries from its hub in Dubai, United Arab Emirates. Operating the world's largest fleets of Airbus A380 and Boeing 777 aircraft, its main activity is the provision of commercial air transportation services.

dnata is one of the largest combined air services providers in the world and the largest travel management services company in the UAE. Its main activities are the provision of cargo and ground handling, catering and travel services.

Emirates and dnata are independent entities and do not form a group as defined by International Financial Reporting Standards. However, these entities are under common management. Therefore, in the Management Review section of this document, they are together referred to as the Emirates Group.

financial highlights

Emirates Group

Financial highlights		2015-16	2014-15	% change
Revenue and other operating income*	AED m	**92,896**	96,053	(3.3)
Operating profit	AED m	**9,391**	6,898	36.1
Operating margin	%	**10.1**	7.2	2.9 pts
Profit attributable to the Owner	AED m	**8,179**	5,461	49.8
Profit margin	%	**8.8**	5.7	3.1 pts
Financial position				
Total assets**	AED m	**129,989**	120,886	7.5
Cash assets	AED m	**23,453**	20,033	17.1
Employee data				
Average employee strength	number	**95,322**	84,153	13.3

2014-15 figures have been re-classified to conform with the current year's presentation.

* After eliminating inter company income/expense of AED 2,778m in 2015-16 (2014-15: AED 1,926m).

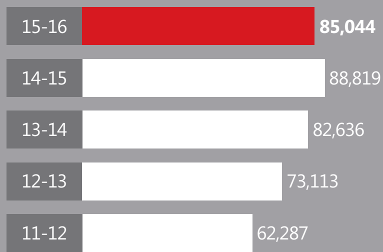
** After eliminating inter company receivables/payables of AED 168m in 2015-16 (2014-15: AED 122m).

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

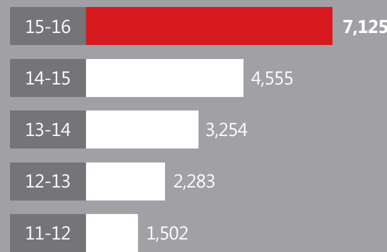
The financial year of the Emirates Group is from 1 April to 31 March. Throughout this report all figures are in UAE Dirhams (AED) unless otherwise stated. The exchange rate of the Dirham to the US Dollar is fixed at 3.67.

Overview
Emirates
dnata
Group
Financial Information
Additional Information

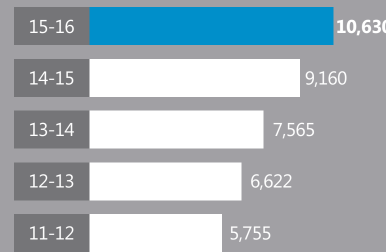
Revenue and operating income in AED m



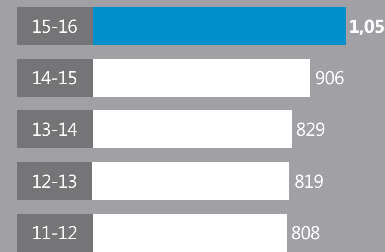
Profit attributable to the Owner in AED m



Revenue and operating income in AED m



Profit attributable to the Owner in AED m



Emirates

Financial highlights		2015-16	2014-15	% change
Revenue and results				
Revenue and other operating income	AED m	**85,044**	88,819	(4.3)
Operating profit	AED m	**8,330**	5,893	41.4
Operating margin	%	**9.8**	6.6	3.2 pts
Profit attributable to the Owner	AED m	**7,125**	4,555	56.4
Profit margin	%	**8.4**	5.1	3.3 pts
Return on shareholder's funds	%	**23.8**	17.2	6.6 pts
Financial position and cash flow				
Total assets	AED m	**119,179**	111,362	7.0
Cash assets	AED m	**19,988**	16,885	18.4
Net debt (including aircraft operating lease) equity ratio	%	**215.9**	212.1	3.8 pts
EBITDAR	AED m	**24,415**	20,259	20.5
EBITDAR margin	%	**28.7**	22.8	5.9 pts
Airline operating statistics				
Passengers carried	number '000	**51,853**	48,139	7.7
Cargo carried	tonnes '000	**2,509**	2,377	5.6
Passenger seat factor	%	**76.5**	79.6	(3.1) pts
Overall capacity	ATKM million	**56,383**	50,844	10.9
Available seat kilometres	ASKM million	**333,726**	295,740	12.8
Aircraft	number	**251**	231	20 nos
Employee data				
Average employee strength	number	**61,205**	56,725	7.9

dnata

Financial highlights		2015-16	2014-15	% change
Revenue and results				
Revenue and other operating income	AED m	**10,630**	9,160	16.0
Operating profit	AED m	**1,061**	1,005	5.6
Operating margin	%	**10.0**	11.0	(1.0) pts
Profit attributable to the Owner	AED m	**1,054**	906	16.3
Profit margin	%	**9.9**	9.9	-
Return on shareholder's funds	%	**20.7**	19.2	1.5 pts
Financial position				
Total assets	AED m	**10,978**	9,646	13.8
Cash assets	AED m	**3,465**	3,148	10.1
Key operating statistics				
Aircraft handled	number	**389,412**	298,298	30.5
Cargo handled	tonnes '000	**2,056**	1,671	23.0
Meals uplifted	number '000	**57,062**	57,687	(1.1)
Travel services: Total transaction value (TTV)	AED bn	**11.7**	9.8	20.1
Employee data				
Average employee strength	number	**34,117**	27,428	24.4

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

Chairman's statement

Accelerating our growth

The past year has been a turbulent one. Many economies and industries have been hit by weak consumer and investor confidence wrought by plunging oil prices, terror threats, and continued socio-political instability in regions around the world.

The fall in oil price has been a double-edged sword. While it provided relief on one of our major costs, it also created strong downward pressure on margins, as the industry lowered fares to motivate travel in a weak global economic environment. We also chose to pass some of our savings from lower fuel prices to our customers. The unfavourable currency exchange continued to erode our earnings, as the US dollar strengthened against currencies in our major markets.

In the first half of 2015-16, we tackled a major lobbying campaign led by the three largest US carriers to restrict Emirates' growth in America. While we're confident that the interests of consumers, businesses, and the American economy will ultimately prevail over the narrow interests of three US airlines, protectionist rhetoric threatens to take our industry backward, rather than forward.

Our mettle is tested during times like these.

While monitoring and addressing the external challenges, we've continued to progress towards our long-term goals.

A strong performance

The Group's strong financial and operational performance in 2015-16 is testament to the success of our business models and strategies, as well as the commitment and talent of our 95,000-strong team across six continents.

The Group reported its highest ever profit of AED 8.2 billion (US$ 2.2 billion), up 50% over last year. However, Group revenue of AED 93 billion (US$ 25.3 billion), is a decrease of 3% on 2014-15, primarily due to the impact of the strong US dollar.

Emirates carried 51.9 million passengers, 3.7 million more than last year, and 2.5 million tonnes of airfreight, up 6%. In Dubai and across its international operations, dnata handled 2.1 million tonnes of cargo and 389,000 aircraft, a 23% and 31% increase over 2014-15 respectively. It also served over 57 million meals to customers at 63 airports around the world.

Global players, global opportunity

In 2015-16, Emirates celebrated its 30th and dnata its 57th anniversary. Both airline and air services provider continued to grow their global footprint and capabilities.

During the year, Emirates added a record 29 new aircraft to its fleet while retiring nine older aircraft to maintain the average fleet age at a youthful 74 months, compared to the industry average of 140 months. Our overall capacity grew 11%, supporting the launch of passenger services to eight new global cities, as well as the enhancement of services with bigger aircraft or additional flights to 34 existing destinations.

We introduced our two-class A380 aircraft into service and to tremendous positive customer feedback. We unveiled an enhanced, fully-flat Business class seat for our new Boeing 777-300ERs to be delivered from November 2016 onwards, and a range of other product enhancements for our customers across all classes, including our young flyers.

We grew our brand. Emirates remains the most valuable airline brand for the 5th year running, worth US$ 7.7 billion according to Brand Finance. We invest in our brand, products and services not only to win customers, but also to recruit the best talent and attract the best partners.

dnata cemented its position as one of the world's largest providers of air services with strategic acquisitions and growth. Our international airport operations division announced several key milestones including its entry into the Americas with the acquisition of RM Ground Services in Brazil. dnata strengthened its presence in Italy with a strategic 30% investment in Milan-based ground handler, Airport Handling SPA, and acquired the cargo handling operations of Aviapartner at Schipol Airport in Amsterdam. In Pakistan, Gerry's dnata added three new airports to its operations, taking our overall presence in the country to seven airports.

In Dubai, dnata began operations at the newly opened Concourse D at Dubai International airport with over 3,000 employees who ensured the smooth handling of all airside and terminal operations. Some 70 airline customers will gradually transition to the new Concourse over 2016.

As our business grows, we are ever conscious that we have a responsibility to the communities we serve, and that with our global reach, we can make a real impact.

This year, Emirates has partnered with United for Wildlife to help raise awareness of how the illegal wildlife trade has brought many of our planet's most magnificent animals to the edge of extinction. We are leading the industry in helping break the supply chain of this illegal trade.

dnata's employee-led philanthropy programme dnata4good raised AED 2 million to build schools in Africa and Asia, as well as support an orphanage to take care of young rhinos left helpless as a result of poaching.

Accelerating our progress

In the Emirates Group, agility has ever been our watchword. We have to react quickly to address challenges that get thrown in our path, and also to make the most of opportunities that come our way.

We always keep a keen eye on the broader trends and developments that might bring even bigger change to our industry and the way we do business in the long term.

This year, we have embarked on an enterprise-wide transformation initiative to build on our successful business model, and lead the industry in delivering even better efficiencies, innovations and customer outcomes.

The Carnegie Mellon University-Emirates Silicon Valley Innovation Lab and the Oxford-Emirates Data Science Lab extend the capability of our own in-house Innovation Lab to develop, test, and apply new technologies and innovation across the Group.

We must evolve if we want to stay in the game. At Emirates and dnata, we have built a strong foundation for our core businesses, and we will continue to invest in technologies and innovations that will accelerate our development.



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

Sir Tim Clark
President
Emirates Airline

Gary Chapman
President
Group Services & dnata

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

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

Abdulaziz Al Ali
Executive Vice President
Human Resources,
Emirates Group

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

Nigel Hopkins
Executive Vice President
Service Departments,
Emirates Group

accelerating

Emirates

Emirates connects Dubai to the world and the world through Dubai. We do so with a fleet of young and advanced aircraft that are equipped with industry-leading features and comforts, supported by our team of talented men and women from over 130 countries.

In 2015-16, we expanded our network to 153 points on six continents, and our fleet to 251 aircraft. Emirates is one of the world's largest international airlines. However, our aim is not to be the biggest, but the best in all that we do. That is why we continually invest in our people, technology, and facilities, to deliver the best value and experience to our customers, and to accelerate our progress.


Emirates
www.emirates.com
BOEING 777-300ER

Exponential growth and evolution

Emirates has evolved in the last 30 years to become the world's largest international airline. Our growth has always challenged the historical norms of the industry. In the coming years, our focus on harnessing advanced technologies to accelerate the pace of innovation will help sustain our competitive advantage and value proposition.

Agility and the ability to nimbly respond to change has always been part of our DNA. We are embracing the opportunities of the digital era across our business, and we make progress every day to create smarter and better customer experiences.

Our fundamentals as an airline have remained constant, grounded in optimally connecting people from all the corners of the globe through our hub in Dubai, organically growing our network through city pairs that make commercial sense, and investing in a young, modern fleet, while offering outstanding value to our customers.

The success of our strategy is reflected in our business results. In 2015-16, Emirates carried 51.9 million passengers and 2.5 million tonnes of cargo across 151 destinations in 80 countries from Dubai. That's an average of 142,000 passengers and more than 6,000 tonnes of cargo per day.

The airline's average seat load factor of 76.5% kept pace with double-digit capacity growth, and highlighted our ability to generate and maintain demand by keeping a strong customer focus.

Our net profit for the year was a record AED 7.1 billion (US$ 1.9 billion), up 56% from the same period last year. Emirates revenues this year decreased 4% to AED 85 billion (US$ 23.2 billion), due to unfavourable currency exchange rates.

The downward spiral in fuel prices produced conflicting consequences for our business in 2015-16. On one hand, it lowered our operating costs, however its impact on global business confidence has been substantial, in turn impacting travel demand.

Regional conflicts continued to impact our network operations, with many services now using longer flight paths to avoid conflict zones. The safety of our customers and crew will always be our top priority.

While responding to the year's external challenges, we kept our foot on the pedal in executing our long-term strategy. We will maintain the positive momentum for growth and innovation in the coming year and beyond.

Emirates marks 30 years of operations with record profits and sound foundations for continued growth

Keeping our fleet young

Emirates' record year for aircraft deliveries includes its 150th Boeing 777 and 75th A380

29

new Airbus A380s and Boeing 777s

Maintaining a young, all wide-bodied fleet is at the heart of our business model. In 2015-16, Emirates received 29 new Airbus A380 and Boeing 777 aircraft, increasing our total capacity by 13%, measured in available seat kilometres (ASKMs).

The financial year marked several milestones for our fleet, including the March delivery of our 75th A380, the world's largest commercial passenger aircraft and the flagship of our fleet. In addition, we had a milestone 150th Boeing 777 delivery in September 2015. Emirates rounded off the year surpassing the 250 aircraft mark, maintaining our leading position as the world's largest operator of A380s and 777s. In March, we placed an order for two additional A380s, taking our total A380 book order to 142.

As we scale up our fleet, our commitment to keeping it young and modern has never been stronger.

Emirates retired nine older aircraft last year, taking our average fleet age to 74 months, well below the industry average of 140 months. Investing in and flying a high-efficiency wide-body fleet is not only better for the environment, it also enables us to put the latest products and services on board for our customers.

In December, Emirates announced ambitious plans to retire 26 aircraft in 2016-17, and by the end of the next financial year, our average fleet age will clock in at 68 months, dramatically younger than the global average.

Emirates introduced the world's first A380 configured in two cabin classes at the 2015 Dubai Airshow, with the capacity to carry 615 passengers at a time. The aircraft is currently deployed on high density routes such as Bangkok, Copenhagen, Manchester, Birmingham and Kuala Lumpur.

In November, Emirates signed two services contracts with GE Aviation worth US$ 16 billion and US$ 36 million for the maintenance, repair and overhaul (MRO) of the GE9X engines that will power our fleet of 150 Boeing 777X aircraft and for the maintenance and inventory support for avionics, electrical power and mechanical systems on existing Boeing 777 aircraft and our 777-300ERs on order. These maintenance agreements are important because they not only help maintain our fleet, but they also create and sustain jobs within the aviation supply chain.

Earlier in the year, we signed an unprecedented US$ 9.2 billion deal with manufacturer Rolls-Royce for Trent 900 engines to power the 50 additional A380s that we ordered in 2013. The record deal was the largest ever for Rolls-Royce, helping secure jobs across the company's high value supply chain through the UK and Europe, and was one of the largest ever export orders for a UK company.


Emirates
A6-EEG

Auckland Airport

Growing our network and partnerships

Emirates strengthened its network through the year. We added flights to 20 existing destinations, and launched eight new passenger destinations: Bali, Indonesia; Multan, Pakistan; Orlando, USA; Mashhad, Iran; Bologna, Italy; Sabiha Gocken, Istanbul, Turkey; and a linked service between Cebu and Clark in the Philippines. The airline ended 2015-16 with services to 153 destinations.

One of the year's highlights was the launch of a non-stop daily service from Dubai to Auckland, the world's longest scheduled flight. It received wide-spread media attention and positive feedback from customers who welcomed the shorter journey times to and from New Zealand.

In 2015-16, we expanded the number of destinations served by our A380s to 38, with the introduction of Perth, Dusseldorf, Madrid, Copenhagen, Washington D.C. and Birmingham. Our flagship A380 continues to enjoy wide appeal amongst customers, and Emirates has flown over 55 million passengers on the aircraft since 2008, when it was introduced into service.

During the last year, we strategically expanded our airline partnerships and extended existing agreements to offer our customers even more flexibility and seamless connections through our partner airlines. In 2015-16, Emirates' portfolio of airline partnerships grew to 20 codeshare partners and 152 interline partners.

In the Asia Pacific, Emirates has codeshares to 101 cities beyond our network with our partners Bangkok Airways, Jetstar, Jetstar Asia, Qantas and Malaysia Airlines. Our codeshare agreement with Bangkok Airways opened up an additional 15 Southeast Asian cities to the Emirates network last year. Our recent agreement with Malaysian Airlines also unlocked travel options for 15 new destinations for our passengers.

In Europe, we built a codeshare partnership with Flybe to open up 10 new destinations across the UK including Belfast, Edinburgh, Aberdeen, Isle of Man and Jersey, to Emirates passengers. Emirates launched a codeshare partnership with S7 to open up more than 30 routes across Russia, and linked our two Russian gateways of Moscow and St. Petersburg, allowing our customers to experience the best of Russia in one single travel itinerary. We also inked our first Air-Rail codeshare with SNCF, France's national railway company, which allows Emirates customers from around the world to connect to 19 new destinations in France. Emirates also concluded an interline arrangement with Austrian Rail, further strengthening our air-rail connectivity in Europe.

In North America, Emirates enhanced its codeshare agreement with Alaskan Airlines to offer connections to 50 cities in Canada and the US, particularly in the Pacific Northwest, in addition to reciprocal frequent flyer and lounge access benefits. Emirates also signed an interline agreement to connect Porter Airlines passengers to Dubai via our Boston and Washington D.C gateways and launched an interline cooperation with Copa Airlines linking Panama City through our gateways in North and South America.

Emirates increased connectivity and travel options for customers with the launch of eight new passenger destinations, and additional flights to 20 existing points in 2015-16

38

destinations served by the Emirates A380

Emirates SkyCargo

Innovation and investment drive success

Emirates SkyCargo continues to innovate, remaining efficient and agile to maximise opportunities

Emirates SkyCargo maintained its position as the world's largest international cargo airline measured in freight tonne kilometres flown (FTKMs), utilising belly hold capacity in Emirates' fleet of 236 passenger aircraft and 15 dedicated freighter aircraft.

In the 2015-16 financial year, Emirates SkyCargo reported a revenue of AED 11.1 billion (US$ 3.0 billion), a decrease of 9% over the previous year. Emirates SkyCargo contributed to 14% of the airline's total transport revenue, and continues to play an integral role in the company's expanding operations.

SkyCargo carried 2.5 million tonnes of freight in 2015-16, an increase of 6% on the volumes transported in the previous year. This was a standout result in the air freight industry, which was stagnant due to the sluggish global economy. In addition to belly hold cargo capacity to Emirates' new passenger destinations, we also launched new freighter operations to Ho Chi Minh City, Vietnam; Ahmedabad, India; Columbus, USA; Algiers, Algeria; and Ciudad Del Este, Paraguay, and increased our freighter operations to Mexico City, Mexico.

2.5m

tonnes of freight in 2015-16

In September, we welcomed the delivery of a Boeing 777-F, which brought our total number of freighter aircraft to 15. Our dedicated freighter fleet offers flexibility and the capability to carry more cargo from destinations like Chittagong, Port Au Prince, and Nadi, to customers in major urban centres such as Singapore, Amsterdam and New York City.

During the year, Emirates SkyCargo officially inaugurated Emirates SkyCentral, its cargo terminal for freighter operations at Al Maktoum International Airport (DWC). The purpose-built facility cements Dubai's place as a global air cargo and logistics hub, with cutting-edge infrastructure to support current and future growth.

Emirates SkyCentral's sophisticated logistics solutions have enabled the shipment of nearly 45,000 tonnes of Cool Chain products, facilitated by the SkyCargo White Cover, a protective skin that shields cargo to keep it cold; and the SkyCargo Cool Dolly, which transports cargo from the aircraft to cool storage areas, while maintaining temperatures as a low as -20°C.

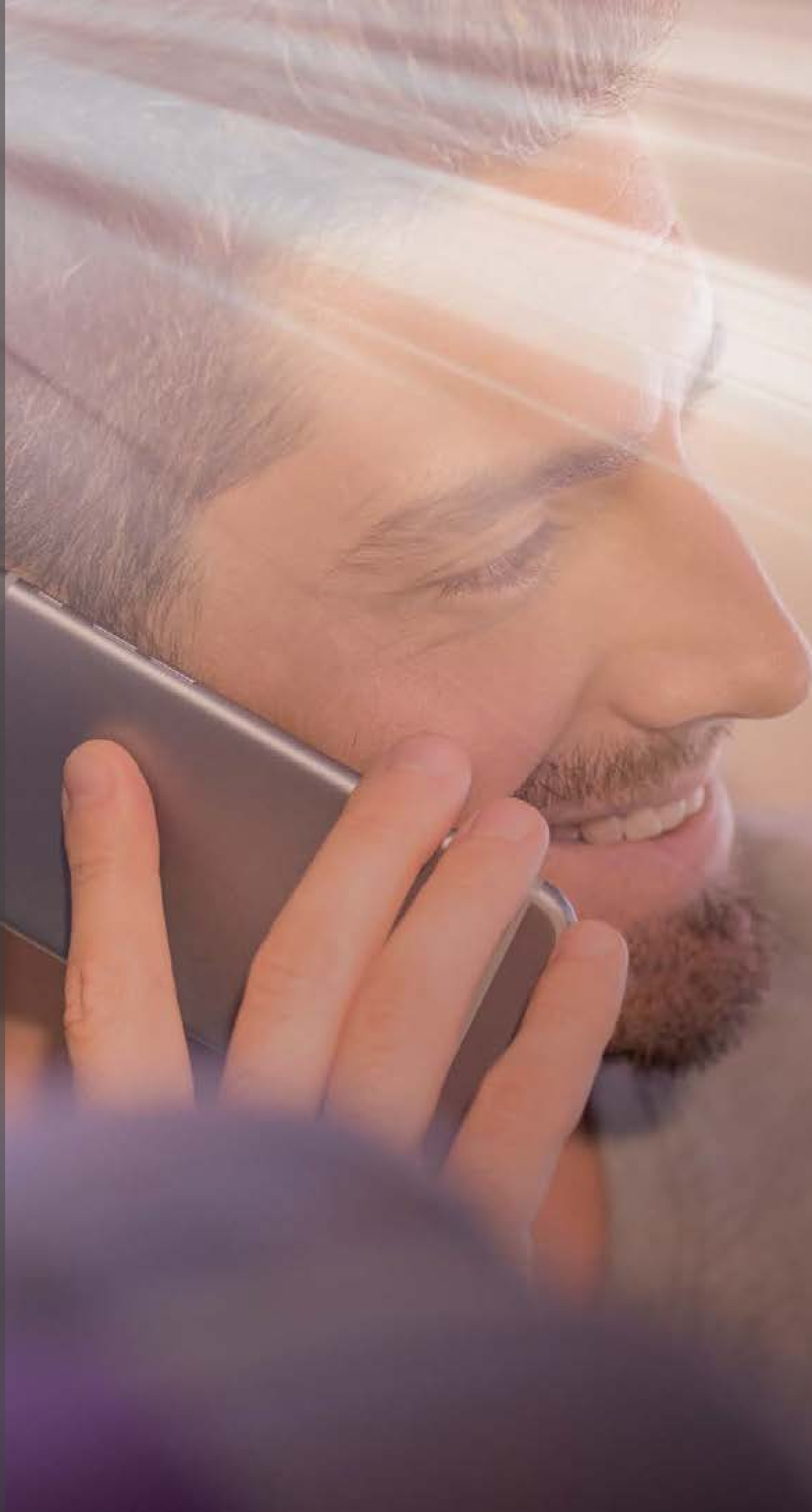
We also continue to lead the industry with investments in automated facilities like SkyChain, which streamline the shipping value chain, and deliver more value for customers looking to trace their shipments of clothing, perishable food and pharmaceuticals, racing cars, and other goods, in real time.

SkyCargo takes an active role to advance quality standards in the global air cargo industry, and this year joined CargoiQ, an IATA group of over 80 key global air cargo players that collaboratively create industry standards to optimise the efficiency of shipments throughout the entire air transport supply chain.

Emirates SkyCargo will continue to focus on: staying customer-centric, scaling up innovation, maintaining efficiency, and being agile to maximise opportunities.

Throughout the year, SkyCargo received accolades that attest to its ability to deliver value for customers through high-tech solutions and advanced infrastructure. In October, our team collected the coveted "Overall Carrier of the Year" award at the Payload Asia Awards 2015 for the third consecutive year. SkyCargo was also recognised by Air Cargo World with the "Diamond Award", based on receiving the highest scores in the Air Cargo Excellence Survey.


Emirates
SkyCargo
Cargo solutions
for the world
MAN
MAN
MAN



The Emirates experience: Raising the bar

We work hard to earn the loyalty of our fans and win over new customers, and continually invest in new product development and service enhancements - both in the air and on the ground.

Across the business, we listened to our customers, kept a close eye on trends, and harnessed technology to advance our capabilities in understanding and responding to our customers' needs.

Today's consumers lead digital lifestyles, and increasingly demand connectivity on the go.

To serve the growing demand from our customers, Emirates invested US$ 22 million last year to install and operate inflight connectivity systems across its fleet, which is now 70% Wi-Fi enabled. During 2015-16, over 5.8 million passengers connected to Wi-Fi and more than 400,000 calls were made using personal mobile devices onboard Emirates' flights. We are working hard to facilitate even faster connections, and to roll out connectivity systems onto every aircraft in our fleet.

During the year, our latest generation inflight entertainment system (IFE) made its debut on Emirates' newly delivered Boeing 777-300ERs and A380s, featuring the industry's largest screens in First and Economy Class and three times the media storage.

On our industry leading IFE system **ice**, we have over 2,500 channels of entertainment, presented in over 30 languages to cater to the broad cultural mix of Emirates passengers. In June, **ice** was awarded Skytrax's 'World's Best Airline Inflight Entertainment' for 2015 for the 11th year running – a resounding endorsement from over 18 million voters representing travellers from more than 160 countries.

During the year, we redesigned amenity kits for First and Business Class customers, and delighted young travellers with a new range of Fly with Me Animals for infants and toddlers, and Lonely Planet Kids bags in our lounges and onboard for older children.

Emirates' wine programme, an investment of hundreds of millions of US dollars in the past decade, also reflects our aim to offer the best experience for our customers. Our relationship with exclusive vineyards has helped us procure and serve rare vintages and exceptional wines to our customers in all cabin classes. Last year, we were the only airline in the world to serve four different Dom Pérignon Vintage champagnes to our First Class customers on board.

In March 2016, we unveiled our new Business Class seat, which will make its debut on our new Boeing 777-300ER aircraft delivered starting November 2016. The seat takes comfort to the next level with a new seat pitch of 72 inches, which can be moved to a fully flat sleeping position, a personal mini-bar, and one of the industry's largest personal TV screens at 23 inches with the ability to stream personal mobile content, among other thoughtful touches.

On the ground, Emirates added new dedicated airport lounges in Tokyo Narita and Cape Town for our premium customers and frequent fliers, taking our total international lounge presence to 39. We also refurbished our existing lounges in London Heathrow, Melbourne, Perth, Kuala Lumpur, Beijing and Dubai.

Since 2004, Emirates has invested over US$ 352 million to open new lounges and refurbish existing ones.

We continued to enhance our customers' digital experience. In May, we launched our popular mobile app on the Android platform, taking the combined number of downloads for Emirates' mobile app on IOS and Android platforms to over 2 million. We upped the language capabilities of our mobile site to over 21 languages, offered customers booking via our website the ability to hold their reservations and lock in competitive fares for up to 72 hours, and expanded online check in to 48 hours before flight departure. We also extended our customer service support via Twitter and Facebook to around the clock, offering dedicated social media support in English and Arabic.

Our customer focus, and our product and service innovations, have earned Emirates an array of accolades, including four from Business Traveller Middle East - 'Best Airline Worldwide', 'Airline with the Best First Class', 'Airline with the Best Economy Class' and 'Airline with the Best Cabin Staff'. In September, Emirates swept the 2015 APEX Passenger Choice Awards, clinching seven gongs including 'Overall Passenger Experience'. Emirates was also named 'Airline of the Year' at the Arabian Business Achievement Awards, and 'Favourite Airline Premier Cabin Middle East' at the Conde Nast Traveller Middle East Readers' Choice Awards.

5.8m

passengers connected to Wi-Fi

The Emirates Brand
Building a strong business asset

Emirates named world's most valuable airline brand for 5th year running

61m

online views of 'Be There' stories

Emirates maintains its position as the world's most valuable airline brand by being relevant, innovative and inspiring. This year, our estimated brand value grew to US$ 7.7 billion, up 17% from the year before, according to the 2016 Brand Finance Global 500 report.

Our strong brand profile helps us outperform in our industry in sales and marketing activity when recruiting talent, and when attracting investment for our business. It is a key driver of differentiation and growth for our business.

In 2015-16, our brand investments went across marketing and sponsorships activity, as well as product and service development, and technology-driven customer initiatives.

In May, Emirates launched 'Be There', a global campaign that celebrated the spirit of curiosity and adventure of travel, starring our own diverse employees. On social and digital channels, our 'globalistas' showcased hidden gems across Emirates' global network through their own storytelling lens. We worked with the National Geographic Channel to bring these stories to global audiences. So far the campaign has had over 61 million views on online channels alone.

Later in the year, Emirates and Boeing partnered to sponsor one of the largest aerial filming projects ever conducted using unmanned aerial vehicles (UAVs) or drones. 'View from Above' involved filming in 18 destinations across Emirates' network, with over 13 drone pilots utilising innovative technologies to produce dramatic footage and unseen aerial perspectives with incredible precision and accuracy. Since January, the videos have been viewed over 7 million times.

Emirates and Jetman Dubai, operators of the smallest jet propelled wing, made history with an extraordinary formation flight with the Emirates A380 over the Dubai skyline. This project showcased spectacular airmanship, and celebrated how aviation continually inspires humankind to pursue new horizons. Videos of the Emirates A380 and Jetman Dubai project have been watched over 27 million times.

In November, Emirates unveiled its much talked about television commercial with Hollywood star Jennifer Aniston. In a departure from the usual airline industry ads, the ad used humour to highlight Emirates' superior onboard products. It was a runaway success, registering over 37 million views over the course of the campaign, and gaining media attention and consumer interest across the world.


Emirates


Fly Emirates
Fly Emirates
Fly Emirates
Fly Emirates
Fly Emirates
Fly Emirates
Coca-Cola
Security Benefit
Security Benefit
LG
San Manuel
AVITA

Sports sponsorships

Strengthening a successful strategy

Emirates is one of the most recognisable brands in global sports, having invested in an enviable portfolio of some of the world's most prominent sports events and clubs - spanning football, rugby, cricket, tennis, golf, Formula 1 racing, America's Cup sailing and horseracing.

Sport provides a global platform for us to relate to, and engage with our customers through a shared passion, and we have built on this successful strategy in 2015-16.

This year, Emirates made its first foray into Major League Baseball when we signed on to be the Official Airline sponsor of the Los Angeles Dodgers, a sponsorship that will help us to connect with a new community of fans, particularly in the USA where we are expanding our presence.

In May, Emirates became the lead Partner of the FA Cup in a partnership until 2018. The Emirates FA Cup reaches football fans from over 700 clubs, and has an unrivalled heritage that draws a global audience of more than 1.1 billion people in the UK and across the world.

That same month, Emirates announced a three-year shirt sponsorship with Sport Lisboa e Benfica, Portugal's most successful football club. We later surprised Benfica fans with an in-stadium 'safety demonstration' by our cabin crew, showing fans how to express their support for the club with a tongue-in-cheek twist. Illustrating how humour and passion can transcend the boundaries of sport, the video went viral on social media with over 25 million views. In March, Emirates Cabin Crew returned to the pitch to show off their football skills in another 'safety video', with help from our German Bundesliga partner HSV.

In August, Emirates became the Official Partner and Airline of the Arabian Gulf League, allowing us to engage with fans of the 14 clubs in the UAE's only professional football league. Emirates also renewed its partnership with the North American Soccer League champions, the New York Cosmos.

In tennis, we elevated our partnership with the ATP to become the Premier Partner of the ATP World Tour. The five-year agreement, the biggest sponsorship deal in ATP history, gives Emirates a brand presence across 60 tournaments in 29 countries, reaching over 800 million people across the globe. Emirates offers direct flights to 90% of the 32 countries visited by the ATP World Tour, making this partnership particularly relevant for our customers.

At the Rugby World Cup 2015, Emirates kicked off an 11-city campaign for a once-in-a-lifetime chance to become a Flag Bearer, recruiting over 100 fans to be part of the tournament. The 48 Rugby World Cup matches were streamed on Live TV onboard our flights, in addition to lounges in Dubai and selected Emirates lounges in rugby-loving nations.

We also re-affirmed our long-standing support for Emirates Team New Zealand, which is among the challengers for the 35th America's Cup, to be contested in June 2017.

Emirates uses sports as a platform to reach and engage with a global audience

ATP

partnership with ATP World tour

ATP WORLD TOUR

Our people
Empowering our greatest asset

In tandem with our growth, the Group welcomed 11,000 new employees in 2015-16, taking our workforce to a new record of 95,000-strong

21,000
cabin crew team

Our people are the foundation of our success, and key to the future of our business. We are proud of our talented, driven, and globally minded employees, and we continually invest in training and development programmes to harness the unique talent within our organisation.

Our Group Learning and Development team delivered nearly 4,400 programmes to 25,900 employees, 65 virtual classroom sessions reaching over 1,800 individuals around the globe, and saw the completion of over 400,000 online courses by 55,300 employees over the year.

We harnessed technology to provide our growing international workforce with better access to training and development resources by utilising virtual training and cloud-based systems, as well as mobile and social learning solutions.

In 2015-16, our National Recruitment and Development team hired a record 831 UAE Nationals, rounding off the year with almost 3,000 Emirati employees across the Group. National Recruitment and Development also launched a School Graduate Programme partnering with Emirates SkyCargo to attract, train and develop UAE Nationals to become future Cargo Managers equipped with a Bachelor's Degree in Logistics and Supply Chain Management. The programme has since been extended to Emirates Airport Services and dnata Travel Services. The last year also marked National Recruitment and Development's five year partnership with Rolls-Royce's Leadership Programme, with 75 UAE Nationals participating to date.

In December, our National Cadet Pilot Programme celebrated the largest graduation class in its 23-year history, with 80 graduates completing the four-year programme.

Emirates has invested in building its own state-of-the-art flight academy in Dubai, which will welcome its first cadets in 2017. This initiative proactively addresses the growing industry demand for highly skilled pilots, through a 42-month programme using the latest training infrastructure and techniques.

In November, we ordered 22 Cirrus SR22s and five Embraer Phenom 100Es aircraft, with a list price of over US$ 39 million, for the Emirates Flight Training Academy.

Our cabin crew team grew to over 21,000-strong in 2015-16. To meet our growing and future training needs, Emirates has invested in cutting-edge, game-based virtual reality technology, becoming the first commercial airline to do so.

The training programme, currently in development, will complement our existing world-class training facilities at the Emirates Aviation College. Using a combination of virtual learning content and gamification both online and in classrooms, the new curriculum allows Emirates' cabin crew to learn and practise the skills required to ensure the highest levels of safety and service on board. This is our largest investment in crew training since we introduced full-motion, high-fidelity aircraft simulators.

Commercial excellence
Sustainable growth in an uncertain environment

Ensuring financial strength and resilience and maintaining a profitable growth trajectory is a strategic imperative for Emirates, because it allows us to invest in growth, which in turn powers innovation and service initiatives.

We have a steadfast commitment to executing our financial goals, within a balanced framework and a long-term perspective.

As we launched new points within our network and added services to our existing operations, our commercial and planning teams worked hard to react quickly and profitably to the intense competition and shifting market demand. Internally, as we continued to pursue our ambitious growth strategies over the next five years, we made a decision to realign our revenue optimisation function under our strategic planning department to foster more efficient flows of market intelligence, leverage revenue analytics, and manage product pricing and seat inventory in finer detail grounded in customer data.

The current commercial climate calls for us to adjust to the 'new normal', and this requires building on our efficient and effective operating model that drives processes to deliver speed and accountability. Our partnerships with Carnegie Mellon and Oxford Universities will provide us with best-in-class teams who can test and develop new business solutions using big data and real-time analytics.

Emirates continues to build its business on sound commercial, operational and financial foundations

Partnership with leading universities

Financial strength

Securing a successful and profitable tomorrow

Emirates has raised more than US$ 45 billion over the last 10 years to finance its fleet and business growth

AED
26.9bn
raised in aircraft financing

In 2015-16, Emirates raised a record AED 26.9 billion (US$ 7.3 billion) in aircraft financing. In addition, we have already received committed offers of finance for deliveries in our upcoming financial year.

Our ability to secure funding from international markets for aircraft financing and other investments demonstrates our financial strength and track record of business performance. Through the year, our team worked closely with the financial community to deliver innovative and diverse sources of funding for our requirements.

Emirates achieved a significant milestone in December by entering into a unique hybrid operating lease structure put together by combining German banks and institutional investors with Islamic debt in Murabaha format to fund an Emirates A380 aircraft.

In Asia, Emirates continued to tap the Japanese market for the Japanese Operating Lease (JOL) structure and Japanese Operating Lease with a Call Option (JOLCO) on both A380 and B777-300ER aircraft delivered during the year. We also achieved a major landmark when we closed the first ever operating lease on an A380 financed entirely by the Korean institutional market through private placements with a group of non-bank financial institutions.

The US$ 913 million UK Export Finance-guaranteed sukuk issued last year funded the delivery of four new A380s in 2015-16. It was the first ever sukuk bond guaranteed by the UK ECA and the largest ever capital markets offering in aviation involving an ECA guarantee. This pioneering issuance continues to win awards across the globe and gain recognition from the financing and investor community.

Having raised more than AED 164 billion (US$ 45 billion) over the last 10 years, Emirates continues to maintain a well-diversified and evenly spread financing portfolio as part of its long-term financing strategy.


Emirates

Our communities

Making a meaningful impact

Emirates continued to champion the benefits of competition, and other industry issues which we believe can have a positive impact on our customers and our industry. Throughout the year, we continued to engage with governments, regulators and other industry stakeholders around the globe to demonstrate the value that commercial aviation can deliver for their communities, industries and economies.

In 2015-16, we released an economic study in collaboration with the National Council of Applied Economic Research (NCAER) in India, showing that Emirates' operations in India contribute an estimated US$ 848 million each year to India's GDP, while supporting over 86,000 jobs.

During the year, the three biggest American carriers lobbied their government to limit Emirates' growth in the US. Their protectionist campaign made unfounded allegations against Emirates and blatantly disregarded consumer choice and businesses dependent on international air transport links. In June, we responded with a fact-based, point by point rebuttal document that made our case clear – we are not subsidised, have never been, and never will be – and our flights deliver tremendous economic benefit for the communities we serve.

In January, we released our 5th annual Emirates Group Environmental Report, underscoring our commitment to improving environmental performance and showcasing the various initiatives implemented across the Group.

Along with the addition of new fuel-efficient aircraft to our fleet, Emirates' overall fuel efficiency improved 1% through consumption reduction initiatives. This result was achieved in spite of the impact of longer routings taken to circumvent airspace closures caused by security provisions in some parts of the world. Our flight operations specialists worked with agencies from across the US, Europe, Africa and Asia to implement new performance-based navigation procedures and flexible flight routes, helping reduce fuel consumption and enhance operational safety.

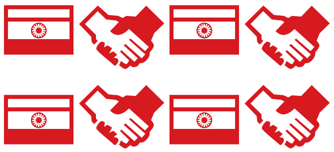
Building on our existing programmes for environmental conservation, Emirates partnered with 'United for Wildlife', a global collaboration which unifies the efforts of leading wildlife charities to bring an end to the illegal wildlife trade. So far, we have led the way in the industry to train and provide the tools for our own ground and cargo workforce to identify illegal wildlife products in transit. We also helped raise awareness of the illegal wildlife trade, taking the message to millions of consumers travelling onboard our aircraft via our magazines and inflight entertainment channels, media and consumers who interact with our social media channels, and literally to the skies, with highly-visible decals on four of our A380 aircraft traversing six continents.

Emirates' message against the illegal wildlife trade takes to the skies with special A380 livery in support of United for Wildlife

US$

848m

contribution to India's economy each year



record performance

dnata

Each day, dnata's 38,000 employees around the globe deliver on the promises that our customers make. We uplift meals, service aircraft, move all types of cargo, handle baggage, help people with their travel plans and ensure they reach their final destinations.

Across our four business divisions: UAE airport operations, international airport operations, catering, and travel services, dnata has strengthened and expanded our global business presence in 2015-16. Through the year, our teams rallied to deliver results while staying true to dnata's fundamental values of safety, efficiency and customer satisfaction. Our continued investments to develop our business and our people will accelerate our progress towards our vision of being the world's most admired air travel services provider.

Growing our lead in combined air services

The global travel and aviation industry continued to grow in 2015-16, despite an uncertain business environment wrought by sluggish economic performance in many major markets, as well as a number of security and political challenges.

dnata delivered another phenomenal year. Our financial performance, contract wins, acquisitions, achievements and awards prove that we are moving ever closer to reaching our vision of being the world's most admired air services provider.

AED
1.1bn
in profit - a new record

Getting the job done is not enough – we showed yet again that we can provide exceptional service, while following the highest safety standards in the industry and using innovation to continuously improve our efficiency and capability.

Across dnata's four divisions – UAE airport operations, international airport operations, catering and travel – we saw a mixture of steady growth and major expansion. In some areas of the business, we focused on offering a better, safer product, and in others we found positive opportunities for rapid growth.

Overall, dnata's profit for the year amounted to AED 1.1 billion (US$ 287 million) and we invested over AED 500 million in developing our people, our facilities and our technology.

Investment highlights included the acquisition of three new international businesses: Aviapartner's cargo business at Amsterdam Airport Schiphol; Ground Handling SPA in two airports in Milan; and RM Ground Services in Brazil – marking our entry into the Americas, and taking our global footprint to six continents for the first time.

At our Dubai hub, we began operations at Dubai International airport's new Concourse D, and helped our key airline customers transition smoothly to the new facilities. Our operations remained under pressure with growing volumes and space constraints at one of the world's busiest airports, while uptake of services to Dubai's new airport Al Maktoum International – DWC was not as high as expected.

The cargo industry continued to be battered by fierce competition and a general slowdown, adding pressure to already tight margins. In travel, security remained a key concern for many consumers with intermittent terror attacks grabbing global media headlines. The lethargic economic situation impacted leisure travel around the world, and slowed the flow of business travel between the East and West.

Every day this year, our 38,000 employees prepared gourmet meals, moved all types of cargo, booked dream holidays, handled millions of bags and serviced aircraft at some of the world's busiest airports.

We've been in the industry long enough to know that every year will bring a fresh set of challenges. But we have shown time and again that we have the agility, determination, expertise and commitment to work alongside those challenges to stay on track for our long-term goals.

We may need to find different ways of doing things, bring in new procedures, hire new talent and ramp up our safety and efficiency, but our vision is the same. Every improvement or innovation we make helps us evolve into a better business, and builds on the solid foundation we have established through our vision, mission and values.

Our commitment to efficiency, safety and keeping the promises our customers make has resulted in a wave of contract wins this year, and also coveted industry and customer awards spanning our business areas of travel, catering, ground handling and cargo services.


dnata


FMC

Our safety, your safety

Safety remained at the heart of our operations. With our comprehensive programme of awareness and workplace initiatives becoming ever more visible and entrenched around our network, we have seen a corresponding reduction in serious incidents and safety hazards.

For the second time, we undertook a survey to test the organisational culture across dnata. This was followed up by a series of focus groups and detailed analysis to help us put recommendations and action plans in place for different divisions. Each part of our business around the world was guided through a plan which will drive further improvement.

In terms of figures, we reduced our serious injury exposure by 45%. This is partly down to the significant investments we made in our behavioural and safety leadership programmes. Over 5,000 coaching hours and 370 safety leadership classroom sessions have been completed to date and we have removed around 5,000 barriers that were preventing safe behaviour.

We also launched the 'safety hub', a customised solution for reporting incidents and hazards. As this is used more and more around the network in the coming year, it will give our safety teams the ability to classify and investigate every incident or hazard and implement the necessary corrective actions to make dnata safer. This is an important part of our global Safety Management System, which will bring in a standard set of structures, policies and procedures to enable us to meet the highest safety standards in every country in which we operate.

As we move into the new financial year, we remain steadfastly committed to our safety vision – to have a culture where our people have the skills, knowledge and confidence to work safely; where they feel respected; and where they are engaged in helping everyone stay safe.

Safety is at the heart of our operations. Amongst other initiatives, we invest heavily in behavioural and safety leadership programmes. This year our efforts reduced serious injury exposure by 45%.

5,000

coaching hours

Overview
Emirates
dnata
Group
Financial Information
Additional Information

A community of caring

dnata4good is our corporate giving initiative that helps us collect, amplify, and effectively channel the efforts that already exist within our workforce for a number of different causes and existing charity groups

AED 2m

raised

After a year of raising funds and interest in our two charity causes – education for impoverished children and care for rhinos who are the victims of poaching – dnata4good has started to make a real impact in the community.

The first school building trek, which took place in August, saw four of our colleagues live life in a Senegalese village for a week. While they immersed themselves in the local customs, they also rolled up their sleeves to build a school for the children in the community. To date, dnata4good has funded the building of five schools, and three employee-driven charity treks have been completed – one in Nepal, one in Senegal and one in Malawi.

In December, dnata4good crossed the AED 1 million mark in terms of funds raised, a sum which was matched dollar for dollar by dnata, bringing the total to AED 2 million. This has been used throughout the year for the building of schools in Africa and Asia, as well as for an orphanage to take care of young rhinos whose mothers have been killed by poachers.

The orphanage, operated by Rhino Revolution, took in four orphaned rhino calves this year. They will be under expert care for the next three years, before being released back into the wild.

Overview
Emirates
dnata
Group
Financial
Information
Additional
Information

UAE airport operations

Another year of record-breaking growth

At our hub in Dubai, dnata turns around all flights at Dubai International (DXB) and Al Maktoum International (DWC) airports. We also handle passengers, baggage and cargo for all airlines apart from Emirates.

dnata now serves more than 100 airlines departing, arriving or transiting at either of Dubai's airports. We offer a full range of integrated services, from check-in, lounges and meet-and-greet, to towing and pushback, cleaning, loading and unloading.

With DXB remaining at the top of the list of busiest international airports, we had to ensure that our teams in Dubai offered the same great service, safety standards and value for money as always, but on an ever-larger scale.

Our busiest day, 18 December 2015, saw a 4% increase in passenger traffic over last year. On that day, we delivered a seamless experience for over 256,000 passengers across both airports, servicing over 570 flights and handling nearly 300,000 pieces of luggage.

This year, dnata started operations at Dubai International (DXB) airport's new Concourse D. The new concourse is dedicated to all airlines arriving to and departing from DXB except for Emirates, and has the capacity to serve up to 18 million passengers a year.

In February 2016, we started operating from the brand new Concourse D at DXB. Concourse D is a dedicated facility for all airlines arriving to and departing from DXB, except for Emirates. It is serviced exclusively by dnata. With 32 gates and 17 stands, Concourse D has the capacity to serve 18 million passengers every year.

Passengers move between Concourse D and Terminal 1 (where check-in and baggage reclaim is located) on an automated people mover (APM). The APM is an elevated rail system that can hold up to 300 passengers per trip.

It is the first concourse in Dubai equipped with multiple aircraft receiving stands. These unique stands can handle either one A380 or two smaller aircraft simultaneously, and have been designed to increase efficiency in both space and passenger movement. Concourse D also operates with an open gate system. Departing flights no longer have holding lounges or dedicated areas – instead, passengers can continue shopping, dining or relaxing right up until they board their flight.

Our meet and greet service, marhaba, opened a signature lounge in the new concourse. Accommodating up to 225 people at one time, the lounge includes a mini theatre, bedrooms, a kids' area, a smoking zone and a VIP room.

To ready ourselves for the switchover to the new facility, we trained over 3,000 of our employees to ensure that passengers enjoyed a smooth experience from the very first flight into the new concourse.

Providing a service fit for one of the world's busiest hubs

To achieve success in airport operations, we have to be on top of our game in terms of safety, efficiency, equipment and technology. Not only do we have to review these factors continually, we have to do so in a high-pressure environment and amid rising traffic.

Space constraints at DXB are nothing new, but with every year of record passenger numbers, it is getting more and more challenging to deliver a smooth experience for passengers and a great service to our airline customers.

While our cargo operation continues to thrive at its new home at DWC, passenger traffic growth has been relatively slow. Our dedicated team based at DWC nevertheless provided an integrated service of world-class standards to the 0.6 million passengers passing through Al Maktoum International airport during the year.

After a detailed analysis of our systems and procedures, we overhauled the way we perform aircraft turnarounds in Dubai to ensure that we are offering a service that is both safe and efficient. Early feedback from our airline customers since the new turnaround model went live in November has been positive, and our rates of safe On-Time Performance have risen.

This year, we stopped offering a line maintenance service to our customer airlines, after careful assessment of its value to our business. By closing this division, we were able to focus better on our core services.

Ensuring that our people are equipped to provide the best service standards at our hub operations is a top priority. Our training programme reached new heights this year, with 67 instructors, 36 coaching and compliance specialists and 150 on-the-job trainers delivering almost 8,000 training events.

Our specialised training modules are IATA-compliant and are benchmarked against ISAGO standards. In late 2015, we scooped the Service and Training Excellence Award at the Aviation Achievement Awards, held in Dubai.

2.1m

tonnes of cargo per annum

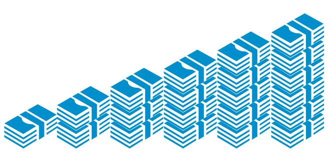
International airport operations

Growing global capabilities

dnata international airport operations had a landmark year, completing three major acquisitions in the Netherlands, Italy and Brazil

AED 502m

revenue growth



It was a landmark year for growth in our operations outside of Dubai, with the announcement of three major international acquisitions.

dnata took on Aviapartner's full cargo and freight handling operation at Amsterdam Airport Schiphol. It gave us 44,000 square metres of cargo warehouse space, along with 350 employees handling 360,000 tonnes of cargo per year. With this acquisition in September 2015, we doubled our footprint in Europe.

Since then, the Amsterdam business has gone from strength to strength, having most recently won the Emirates SkyCargo contract. This alone adds an additional 60,000 tonnes of cargo to our annual volume. Our team in Amsterdam also successfully applied for the IATA CEIV pharmaceutical certification for the handling of pharmaceutical materials.

A couple of months after the Amsterdam announcement, we signed an agreement effective March 2016 to take a 30% share in Milan-based ground handler, Airport Handling SPA. With 1,650 employees, Airport Handling operates passenger and ramp services at Milan's two main airports: Malpensa (MXP) and Linate (LIN).

This acquisition diversified our presence in Italy, where we are already strongly represented by our catering business in 22 airports.

In December 2015, we added a whole new continent – South America, one of the world's fastest growing aviation regions – to our global footprint with a majority stake in Brazil's RM Ground Services. RM employs 2,200 people and serves over 400 flights per day across 24 airports.

In total, these acquisitions expanded our international operations to 71 airports across six continents.

In Australia, we saw a positive turnaround after taking full control of the ground handling operation in March 2015 that was previously a 50% joint venture with Toll. A robust transformation programme has made it a stronger business better equipped to compete in a very difficult market. Our cleaning subsidiary Cabin Services Australia opened a new operation at Cairns, one of seven new greenfield airport locations launched across our network during the year.

Our UK operation went from strength to strength, with the announcement that we would open a brand new 63,600 square foot warehouse and office facility to support a long-term contract with Cathay Pacific.

The facility, located next to the award-winning dnata City complex, provides easy landside customer access and direct airside access, and is equipped with dnata's innovative vehicle control centre and full e-airwaybill processing. Total investment in the facility is £40 million.

It further cements a deep partnership with Cathay Pacific in the UK. In January, we were awarded its cargo handling contract for Manchester Airport and UK regional airports, including inter-airport trucking throughout the UK and Ireland. This led dnata to invest in an additional 29,674 square foot facility in Manchester.


RTT 52
dnata

At London's Gatwick airport (LGW), we commenced passenger and ramp handling, and now offer the full range of airport operations services to our customer airlines there.

We invested £2 million in facilities, technology and equipment in LGW alone; part of a wider £20 million investment to support growth across the country, which is one of the busiest aviation markets in the world.

In Singapore, our team enjoyed a successful year, signing up eight new airline customers.

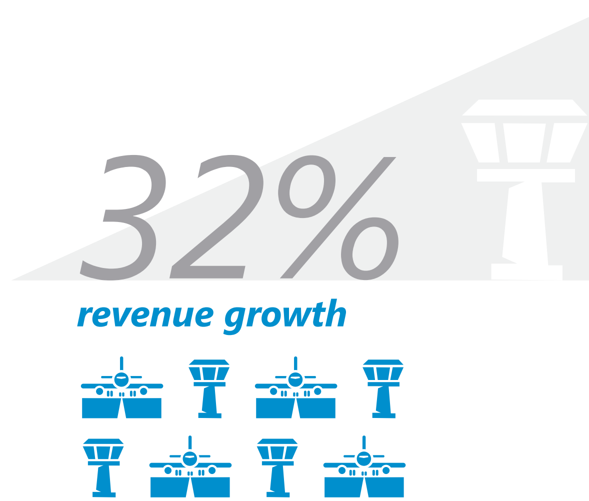
In Pakistan, we launched operations at three new airports: Multan (Pakistan's fifth largest city by population), Faisalabad and Quetta. In Multan, our 4,500 square foot cargo station was fully revamped with new high-tech equipment. Gerry's dnata is also the only RA3-certified ground handler at Multan, giving us the edge over our competitors, particularly for shipments that are Europe-bound.

In Switzerland, we added Etihad's cargo operations in Geneva, Aer Lingus in both Geneva and Zurich, and Scandinavian Airlines to our growing customer list.

In the Philippines, we opened two new airport locations at Clark and Cebu in March 2016.

Revenue from our international airport operations business grew by 32% to AED 2.1 billion, thanks in part to significant contract wins in the UK, Singapore and Australia, the acquisition of our new businesses, as well as the full year integration of our operations in Australia.

By maintaining focus on global safety standards, exceptional training and service excellence in all airports in which we operate, we have not only grown our business but also been recognised with some of the industry's biggest awards, including: Ground Handler of the Year by Air Cargo News for the third year running, Best Air Cargo Terminal Operator – Europe at the Asian Freight, Logistics and Supply Chain Awards; and World's Best Independent Airport Lounge (for Singapore) in the annual SkyTrax World Airline Awards.



Catering

Delicious meals for a diverse audience

We are one of the world's largest providers of inflight catering services with operations across 63 airports on five continents. Our 8,000+ employees provide unique catering solutions for over 130 customer airlines, preparing around 156,000 meals each day.

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

57.1m

meals uplifted

This year, we rebranded our operations in Jordan, Romania, and the Czech Republic so that those teams now operate under the dnata name, rather than Alpha. This move not only builds on the exceptional reputation that dnata enjoys in Europe, but also creates more positive synergies and knowledge-sharing opportunities.

The Chinese travel market was of particular significance to us this year, and our dedication to producing quality Chinese cuisine in the air has helped us win new business, particularly in Singapore and Australia. Our Singapore team won Air China's Best Catering Award for 2015; and secured new business with China Southern Airlines and Xiamen Air. And in Australia, Alpha Flight Services welcomed Beijing Capital Airlines as a new customer in Melbourne.

In Bologna, we increased our workforce, purchased two new high loaders, and introduced a halal area, predominantly to serve our customer Emirates' new daily service which launched in November 2015.

Construction of a new Alpha kitchen in Cairns is in full swing. When it opens in June 2016, the facility will be Alpha's 11th fully operational unit, reinforcing our position as Australia's leading airline caterer.

This year, our catering revenues reached AED 1.9 billion, a decrease of 7% over the previous year mainly impacted by currency devaluations across many markets.

Dishing up individual tastes on a large scale

Our team of award-winning chefs constantly find new ways to innovate in the field of inflight catering. Whether they are preparing standard airline fare, options for specific dietary requirements or gourmet cuisine for premium classes, they do it with an attention to detail more suited to a five-star restaurant than a kitchen of mass production.

Our catering operation is a huge network that has to run on time, regardless of logistical challenges. Everything we prepare, from gōngbǎo jīdīng (Sichuan-style stir-fried chicken) for a Chinese airline departing from Sydney to mezze for a Middle Eastern airline departing from Singapore, has to meet the highest international standards of quality control and safety.

We stay at the top of the industry by investing in the latest technologies in food production and supply chain logistics, and by employing experts in the field, and specialist chefs, so that we can truly delight our airline customers, and help them keep the promises they make to their customers.

And our customers have recognised our efforts and expertise – just this year we have scooped Singapore Airlines' Excellence in Catering Award; Air China's Best Caterer Award; and Jetstar's Group Caterer of the Year Award.

Good taste, even on the ground

While delivering exceptional meals in the air is the core of our catering business, we also operate a diverse range of F&B outlets in airports in the UAE, Jordan, Bulgaria and Romania.

Our portfolio covers brands both well-known and niche, including: refuel, la sarmale, Route 96, Burger King and city café.


dnata


facebook
dnata
travel
Create Page
Book Now
Timeline
About
Photos
Reviews
More
dnata Travel
It's not a proper trip to Sri Lanka if you don't ride the train from Kandy to Nuwara Eliya, passing the magnificent tea plantations.
What's your favorite tip to spend a magical holiday in this lovely country?

dnata Travel

Consolidating to enable accelerated growth

For most of our history, dnata has led the Middle East travel industry, providing comprehensive travel services for individuals, companies and trade partners across the region. In recent years, we have built on our strong base and expanded internationally through strategic acquisitions mainly in the UK.

This year, we see the fruits of our first full year of integration with Stella Travel, which dnata acquired in 2014-15. We also restructured our travel business to make the most of available synergies. The result is that now, with a strong presence in 66 countries, we are truly a global player in the travel industry with the scale, depth, agility and ability to competitively serve our customers in all key segments.

Our financial performance shows that we are on the right trajectory. This year, revenue contribution from our travel division totalled AED 3.3 billion, up a massive 34% from last year, with our UK operations accounting for the largest proportion of all regions.

In a challenging year for the industry particularly in the high-yield corporate travel sector, dnata has managed to retain 92% of its clientele across the Middle East and India network.

Our online business continued to grow in line with the consumer shift towards mobile and online usage. However, in certain markets and particularly in the Middle East, a strong retail network is still required to meet the unique needs of GCC travellers. In November 2015, we opened a new travel store in Sharjah – a first of its kind due to its unique beachfront location – bringing our total number of retail stores to 37 in the UAE and over 200 worldwide.

Our cruise offering grew stronger this year. Last year's acquisition of Imagine Cruising performed very well, both through its standalone growth, and by making use of positive synergies across our travel brands to drive revenue. During 2015-16, Imagine Cruising launched in the UAE with a team of 20 people and a flagship store is already in the works. In the UK, we launched Travel Republic Cruise, offering the full range of Imagine Cruising holidays to Travel Republic's sizeable customer base.

In terms of Cruise handling, our Destination and Leisure Management team in Dubai and Bahrain enjoyed a successful season. They had their busiest day to date on 25 February 2016, handling three ships and 6,000 passengers through Dubai's Port Rashid. We now hold more than half the market share of all passenger cruises to Dubai.

Our Emirates Holidays teams across 38 countries continued to deliver memorable vacations to customers, with our UK-based team recording a 69% growth in passengers booked.

We continued to strengthen and consolidate our UK travel businesses, this year combining our B2B travel brands together under one leadership team, and taking the same approach for our B2C brands. Our UK strategy continues to deliver outstanding results, with Gold Medal and Travel 2 scooping the most coveted B2B awards in the UK, and Netflights.com beating stiff competition to take home an award at the Digital Experience Awards for the second year running.

During 2015-16, dnata Travel launched its Facebook page, packed with travel tips and inspiring photographs that helped it reach over 100,000 followers in its first three months. It is another step in the digital development of our travel business, aimed at increasing synergies between all our brands and tapping into the way today's consumers book travel.

Complementing our digital offering is our contact centre function, which grew this year to 1,800 employees speaking 15 languages across 13 locations. Our newest site in Clark, Philippines, has grown rapidly and proven to be an enormous success story, meaning our renowned travel expertise is only ever a phone call, email, live chat or social media message away for our customers.

AED
11.7bn
total transaction value of travel services sold

A growth plan for times of change

dnata Travel has a strong presence in 66 countries. We have the range, depth, agility and ability to competitively serve customers in all key B2B and B2C travel segments.

This year more than any other, we saw change accelerating through the travel industry value chain. A number of industry disruptors, consolidations, and new entrants, as well as evolution of existing players in the industry, have meant travel operators worldwide have had to adjust their business models to keep pace and stay ahead.

For us, building capability to compete with new players is a priority, but we will also work hard to remain a desirable option for our loyal customers and trade partners who have been with us for over five decades. Our strategy is to service customers through the channels they want be it contact centre, online, face to face or through chat, keeping a close watch on our customers' needs to ensure our offering is relevant and competitive – now and in the future.

While global economic trends can affect our industry in the short term, the reality is that people never stop travelling.

Operating out of a global hub and growing city like Dubai remains a strong advantage for us and we will continue to invest in people and infrastructure to stay ahead.

We will also continue to focus on positive synergies – we now own and operate some of the most powerful brands in travel and we will continue to look for ways to leverage on the mass of industry expertise under the dnata Travel umbrella.

Travel Awards

- dnata wins Best Industry Contact Centre in Travel; and Best Strategically Aligned Contact Centre to Organisations Vision, Mission & Values – at the 2015 Insights Middle East Awards
- HRG UAE wins the 'Business Excellence Award' - from Dubai Service Excellence Scheme
- dnata Government Travel services wins 'Golden Trophy' - from Dubai Police for high quality service
- Gold Medal wins 'Best Consolidator' for the 6th time running - at the 2016 Globe Travel Awards
- Arabian Adventures wins five of the 11 'Oscars' – at the JA Resorts & Hotel DMC Awards
- Travel Republic wins three gold awards: Best Travel Retailer for Customer Service, Best Hotel Booking Website and Best Online/Call Centre Travel Agency - at the 2015 British Travel Awards

1st Quarter

17 April *(main image)*
Emirates signs historic US$ 9.2 billion order with Rolls-Royce for A380 engines

27 April
dnata is named "Ground Handler of the Year" by Air Cargo News for 2nd year running. This international award recognises dnata's contribution to the cargo industry and is especially valuable as it represents the voices of the industry

19 May
Emirates becomes official jersey sponsor for Benfica, Portugal's most successful football club

22 May
dnata finalises acquisition of majority stake in Imagine Cruising

22 May
Columbus joins Emirates SkyCargo's freighter network

30 May
Emirates becomes title sponsor of the FA Cup

3 June
Emirates launches services to Bali, its second Indonesian gateway

Overview
Emirates
dnata
Group
Financial Information
Additional Information

11 May

dnata commences passenger and ramp handling at London's Gatwick airport (LGW)

12 June

dnata announces an investment of more than AED 115 million in equipment, training and technology to boost aviation growth in the UK

17 June

dnata's lounge in Singapore wins 'World's Best Independent Airport Lounge' from Skytrax

30 June

Emirates releases its full response to US carriers' false allegations of state subsidy

2nd Quarter

16 June
The new 'Hold My Fare' feature on emirates.com gives customers the chance to hold reservations and lock in fares for a fee that's released back to their credit card if tickets are paid for within 48 hours

18 June
We launched 30 wireless charging trays for First and Business Class customers in our Dubai lounges at Concourse A, B and C

30 June
Our new shuttle buses between Abu Dhabi, Al Ain and Dubai are rolled out. Lightweight and fuel efficient, they are also more comfortable with modern seats, wider entrances and exits, and extra baggage storage

29 July
We bid goodbye to our last Boeing 777-200

1 August
Emirates launches flights to Multan, its sixth destination in Pakistan

13 August
Emirates partners with Arabian Gulf League, the UAE's only professional football league

17 August
Gerry's dnata expands with three new airport locations in Pakistan

1 September

Emirates receives a bumper delivery of four aircraft in one day, including its 150th Boeing 777

1 September *(main image)*
dnata expandes its international footprint with acquisition of Aviapartner's cargo business at Amsterdam Airport Schiphol

1 September
Orlando becomes Emirates' 11th US destination and Mashhad becomes the airline's second gateway in Iran

3rd Quarter

5 October
Emirates' new TV ad campaign featuring Hollywood star Jennifer Aniston goes viral

15 October
Emirates SkyCargo starts freighter services to Ciudad Del Este, Paraguay

2 November
Emirates makes superjumbo statement against the illegal wildlife trade

3 November *(main image)*
Bologna becomes Emirates' fifth Italian gateway

3 November
Emirates Group and Carnegie Mellon University launch the CMU Innovation Lab in Silicon Valley

4 November
Emirates Flight Training Academy orders 27 aircraft for pilot cadet training

8 November
Emirates showcases world's first two-class A380 at Dubai Airshow

9 November
Emirates signs US$ 16 billion engine services deal with GE Aviation for airline's Boeing 777X fleet at Dubai Airshow

1 December

dnata4good crosses AED 2 million mark in terms of funds raised; supporting the building of schools in Africa and Asia, and an orphanage for young rhinos

16 November

dnata opens new Travel Hub in Sharjah

22 November

In tennis, Emirates signs largest deal in history of ATP, to become Premier Partner of the ATP World Tour

1 December

dnata acquires RM Ground Services in Brazil, marking its first foray into South America

16 December

Emirates launches flights to Sabiha Gökçen Airport, its second gateway in Istanbul

18 December

dnata marks busiest day of operations at Dubai International airport, handling over 256,000 passengers and 300,000 pieces of luggage that day

4th Quarter

21 January
Emirates and Boeing launch 'View from Above' campaign, using drones for never-before-seen footage from 18 destinations

27 January
Emirates Group releases 5th annual environmental report

2 February
Emirates' brand value grows 17% to reach US$ 7.7 billion

9 February *(main image)*
dnata marks 30 years of providing special handling services for passengers with reduced mobility at Dubai International airport

20 February
Emirates signs its first baseball sponsorship to be Official Airline of Los Angeles Dodgers

24 February
dnata starts operations and marhaba unveils lounge at Dubai International airport's new Concourse D

1 March
Emirates starts non-stop flights between Auckland and Dubai, the longest in the world

9 March

Emirates' futuristic "Infinite Possibilities" stand debuts at ITB Berlin, the world's leading travel trade show

21 March

dnata makes strategic investment in Airport Handling SPA, taking a 30% stake in the Milan-based ground handler

30 March

Emirates launches circular service from Dubai to Cebu and Clark in the Philippines

31 March

Emirates buys two more A380 aircraft taking its total order to 142

Overview
Emirates
dnata
Group
Financial Information
Additional Information

dnata presence

NORTH AMERICA
ATLANTA
SANFORD

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

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

AFRICA
ABIDJAN
ABUJA
ACCRA
ADDIS ABABA
CAPE TOWN
CASABLANCA
DAKAR
DAR ES SALAAM
DURBAN
ENTEBBE
HARARE
JOHANNESBURG
KHARTOUM
LAGOS
LUSAKA
MAHE
NAIROBI
PORT LOUIS
SEYCHELLES
TUNIS

MIDDLE EAST
ABU DHABI
AL AIN
AL KHOBAR
AMMAN (MARKA)
BAHRAIN
BEIRUT
DAMASCUS
DAMMAM
DOHA
DUBAI INTERNATIONAL
DUBAI WORLD CENTRAL
ERBIL
FUJAIRAH
JEDDAH
JUBAIL
KABUL
KHARTOUM
KUWAIT
MEDINA
MUSCAT
RAS AL KHAIMAH
RIYADH
SALALAH
SANAA
SHARJAH
TAIF
TEHRAN

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

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

Emirates destinations

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

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

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

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

MIDDLE EAST
AMMAN
BAGHDAD
BAHRAIN
BASRA
BEIRUT
DAMMAM
DOHA
DUBAI INTERNATIONAL
DUBAI WORLD CENTRAL
ERBIL
JEDDAH
KUWAIT
MASHHAD
MEDINA
MUSCAT
RIYADH
TEHRAN

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

AUSTRALASIA
ADELAIDE
AUCKLAND
BRISBANE
CHRISTCHURCH
MELBOURNE
PERTH
SYDNEY

Emirates presence

NORTH AMERICA
ABIDJAN
ABUJA
ACCRA
ADDIS ABABA
CAPE TOWN
CASABLANCA
DAKAR
DAR ES SALAAM
DURBAN
ENTEBBE
HARARE
JOHANNESBURG
KHARTOUM
LAGOS
LUSAKA
MAHE
NAIROBI
TUNIS

AFRICA
DAR ES SALAAM
ZANZIBAR

MIDDLE EAST
ABU DHABI
AJMAN
DUBAI
FUJAIRAH
MUSCAT
RAS AL KHAIMAH
SHARJAH

ASIA
BANGKOK
BENGALURU
DELHI
MALE
PHUKET
SAMUI
SINGAPORE

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

Our growing network

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

From our hub in Dubai, Emirates operates flights to 151 points on six continents. In addition to our own global network, Emirates' also offers our customers extended connectivity through our codeshare and interline partners.

dnata today provides a comprehensive range of airport and cargo handling services, catering, and travel services in over more than 160 cities and airports across the globe. Over 2015-16, we have expanded our international business operations with strategic acquisitions in Netherlands, Italy, and Brazil.


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

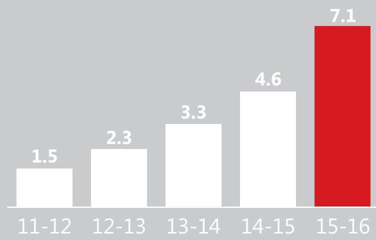

Beijing
Seoul
Tokyo
Osaka
Kabul
Peshawar
Islamabad
Sialkot
Faisalabad
Lahore
Quetta
Multan
Delhi
Shanghai
Kathmandu
Karachi
Taipei
Dhaka
Ahmedabad
Kolkata
Chittagong
Guangzhou
Hong Kong
Hanoi
Mumbai
Hyderabad
Clark
Manila
Bengaluru
Chennai
Bangkok
Ho Chi Minh City
Kochi
Samui
Cebu
Thiruvananthapuram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


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

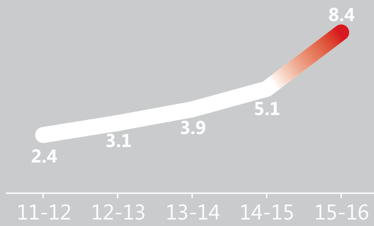

Darwin
Cairns
Townsville
Brisbane
Coolangatta
Perth
Wolgan Valley
Newcastle
Sydney
Adelaide
Canberra
Auckland
Melbourne
St Kilda
Launceston
Hobart
Christchurch
Australia

Emirates Financial Commentary

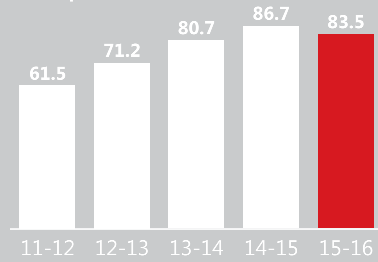
Profit attributable to the Owner in AED bn



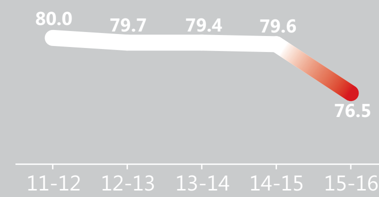
Profit margin in %



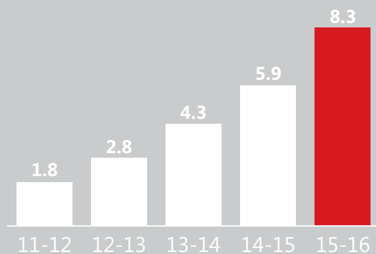
Development of revenue in AED bn



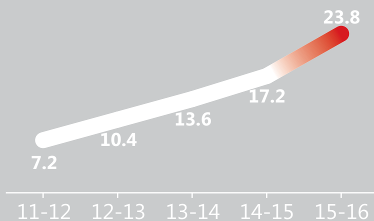
Passenger seat factor in %



Operating profit in AED bn



Return on shareholder's funds in %



Revenue in AED m	**2015-16**	**2014-15**	**% change**
Passenger	68,029	70,013	(2.8)
Cargo	11,140	12,298	(9.4)
Excess baggage	413	436	(5.3)
Transport revenue	**79,582**	**82,747**	**(3.8)**
Sale of goods	2,673	2,550	4.8
Hotel operations	700	693	1.0
Others	545	738	(26.2)
Total	**83,500**	**86,728**	**(3.7)**

Emirates ended the financial year strongly by achieving the highest profit ever in its history. Despite a positive impact on profitability by the continued drop in oil prices, our top line was impacted by weak consumer confidence in a slow global economic environment, terror threats, unfavourable exchange rates and continued geopolitical instability in many regions.

We continued to implement our growth strategy and fleet modernisation plan by adding 29 wide bodied aircraft and phasing out nine older aircraft. This led to a capacity growth of 11% or 5.5bn ATKMs.

We increased our operations by ten new destinations, carried nearly 52m passengers and transported more than 2.5m tonnes of cargo.

Profitability

Profit attributable to the Owner

Our operations continue to be profitable with the profit attributable to the Owner standing at an impressive AED 7.1bn. This is a significant 56% or AED 2.5bn increase over last year's AED 4.6bn.

Strongly influenced by the lower fuel price, overall cost decreased at a higher pace than the decrease in revenue. The growth in profitability was mainly enhanced by the lower unit cost. The overall yield remained challenged due to adverse foreign exchange rates and our decision to pass on some of the savings in lower fuel costs to our customers.

Profit margin

Profit margin increased by 3.3%pts compared to the previous year and stood at 8.4% (2014-15: 5.1%). This represents a strong result against a capacity increase of 11% measured in ATKM.

Operating profit

The operating profit was the highest ever recorded at AED 8.3bn (2014-15: AED 5.9bn). This is an increase of 41% or AED 2.4bn over last year. Moreover, our operating margin at 9.8% (2014-15: 6.6%) was 3.2%pts higher than last year.

Return on shareholder's funds

The further improved profitability ensured a strong 23.8% return on shareholder's fund. This delivers a substantial increase of 6.6%pts over last year (2014-15: 17.2%).

Revenue

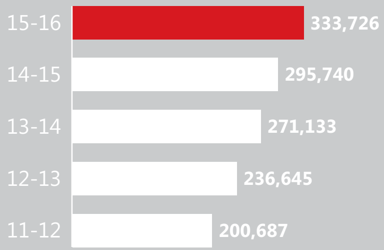
Revenue of AED 83.5bn (2014-15: AED 86.7bn) was lower by 4%.

Introduction of new destinations, larger aircraft deployment and increased frequencies to existing destinations have successfully contributed to an increase of passengers and cargo carried as well as increase of RPKM. This was however offset by the adverse impact of pressure on yield to stimulate travel in a weak global economic environment. Weakening of major currencies against the US$ adversely impacted revenue by 7% (2014-15: 2%). In addition, other external factors such as terror threats and geopolitical instability in many regions adversely impacted our top line growth.

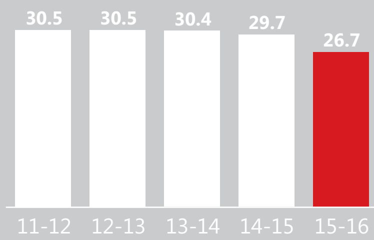
Transport revenue decreased by 4% and stood at AED 79.6bn (2014-15: AED 82.7bn), due to decreases in passenger and cargo revenue.

		2015-16	**2014-15**	**% change**
Passengers carried	million	51.9	48.1	7.7
Available seat km	ASKM million	333,726	295,740	12.8
Passenger seat km	RPKM million	255,176	235,498	8.4
Passenger seat factor	%	76.5	79.6	(3.1 pts)

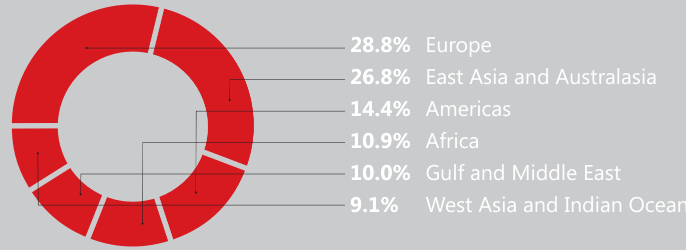
Available seat kilometres (ASKM) in millions



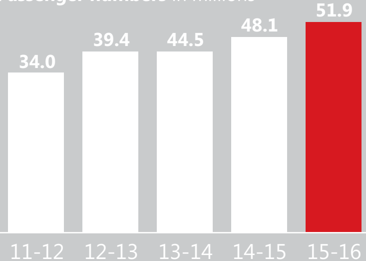
Passenger yield in fils per RPKM



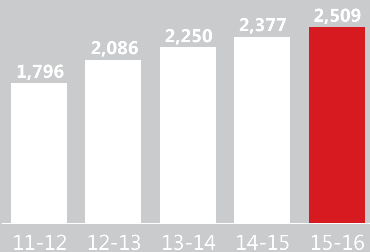
Geographical revenue in %



Passenger numbers in millions



Cargo carried in tonnes '000



Geographical revenue in AED bn

Year	Europe	East Asia and Australasia	Americas	Africa	Gulf and Middle East	West Asia and Indian Ocean	Total
2015-16	24.0	22.4	12.0	9.1	8.4	7.6	83.5
2014-15	25.2	24.6	11.0	9.4	8.6	7.9	86.7
% change	(4.5%)	(9.0%)	8.9%	(3.1%)	(2.5%)	(4.4%)	(3.7%)

Passenger revenue and seat factor

Passenger revenue (including excess baggage) decreased by 3% to AED 68.4bn (2014-15: AED 70.4bn). This was positively impacted by the RPKM growth of 8.4%, and more than offset by lower yield mainly due to the unfavourable currency impact.

We carried a record 51.9m passengers (2014-15: 48.1m). This increase of 8% (2014-15: 8%) is closely aligned with the capacity increase and was driven by the introduction of eight new destinations, higher frequencies and increased capacity on existing routes.

We achieved a passenger seat factor of 76.5% which is 3.1%pts lower compared with previous year. One key influencing factor was the impact of the strong capacity increase during the 1st half year due to Dubai Airport International (DXB) runway closure period in the year before.

The premium class seat factor was down by 3.2%pts compared to the previous year. The economy class seat factor stood at 79.2% (2014-15: 82.4%) against the backdrop of an increase in overall capacity and the introduction of two-class A380 services.

The increase in passengers carried and the strong passenger seat factor continue to demonstrate the popularity of Emirates amongst the travel community.

Cargo revenue

Cargo revenue decreased by 9% over last year and stood at AED 11.1bn (2014-15: AED 12.3bn). Increase in cargo carried was more than offset by lower yield and a negative currency impact.

Cargo tonnage carried was up by 6% over the previous year to 2.5m tonnes.

The increase in belly capacity to eight new passenger destinations was complemented with two new freighter destinations to Columbus, USA and Ciudad del Este, Paraguay.

We continued to expand our freighter operations by adding one new B777-200 freighter aircraft during the year. Consequently, the freighter tonnage carried was up by 4%. Cargo carried in the belly of passenger aircraft grew at a faster pace by 6%. FTKM increased by 7.2% to 12.6bn tonnes. The yield was lower on account of weaker currencies and route mix impact. We continued to achieve significantly higher FTKM growth as compared to the industry average of 2% for international air cargo transportation in 2015 as published by IATA.

Non-transport revenue

Revenue from hotel operations and the related sale of food and beverages remained stable at AED 700m (2014-15: AED 693m).

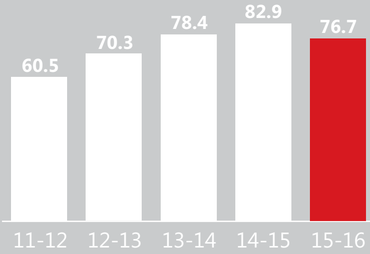
The 5% growth in the sale of goods including in-flight catering and consumer goods originates mainly from an increase in revenue from the consumer related business of Maritime and Mercantile International LLC operations in Dubai and Oman.

The decrease in other revenue by AED 193m is mainly on account of transfer of destination and leisure management businesses to dnata.

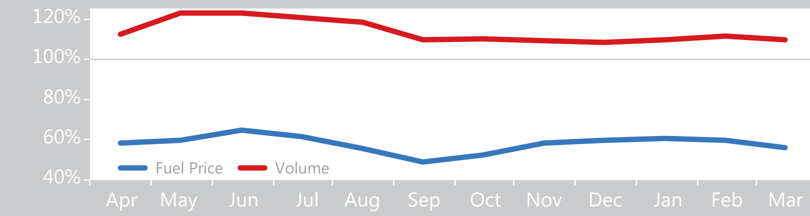
Revenue distribution

We continued to maintain the strategy of a diversified revenue base as the contribution from each geographical region remained below 30% of the total revenue. Europe remains the largest revenue contributor however was down by AED 1.2bn or 5% to 24.0bn. Revenue from East Asia and Australasia was lower by 9% or AED 2.2bn to AED 22.4bn. Americas continued to show growth during this year and was up by AED 1.0bn or 9% to 12.0bn on account of capacity growth. Revenue for Africa decreased by 3% to AED 9.1bn. The changes in revenue by area are in line with the overall drop in revenues.

Operating costs in AED bn

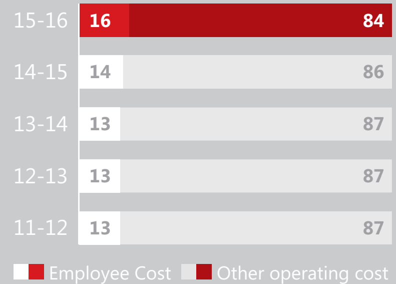


Fuel price and quantity development

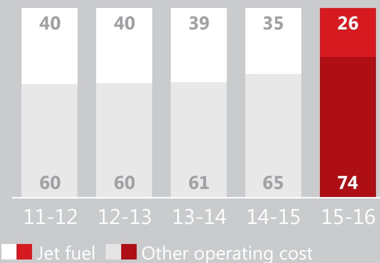


Graph represents % change in average monthly fuel price and quantity in 2015-16 indexed to 2014-15

Employee cost as % of operating costs

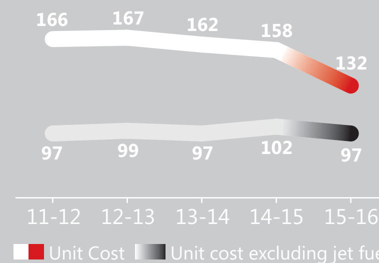


Jet fuel cost as % of operating costs



Operating costs in AED m	**2015-16**	**2014-15**	**% change**	**2015-16 % of operating costs**
Jet fuel	19,731	28,690	(31.2)	25.7
Employee	12,452	11,851	5.1	16.2
Aircraft operating leases	8,085	6,920	16.8	10.5
Depreciation and amortisation	8,000	7,446	7.4	10.4
Sales and marketing	5,893	6,098	(3.4)	7.7
Handling	5,646	5,094	10.8	7.4
In-flight catering and other operating costs	4,114	3,883	5.9	5.4
Overflying	2,711	2,648	2.4	3.5
Aircraft maintenance	2,513	2,527	(0.6)	3.3
Facilities and IT costs	2,347	2,240	4.8	3.1
Landing and parking	1,992	1,761	13.1	2.6
Cost of goods sold	1,335	1,260	6.0	1.7
Corporate overheads	1,895	2,508	(24.4)	2.5
Total operating costs	**76,714**	**82,926**	**(7.5)**	**100.0**

Unit costs in fils per ATKM



Expenditure

Operating costs

Our operating costs at AED 76.7bn (2014-15: AED 82.9bn) decreased by 8% due to significantly lower fuel cost. The overall non-fuel cost was up by 5% over last year due to our ongoing capacity expansion. Weakening of major currencies against the US dollar had a positive impact on these costs.

Jet fuel costs

The average fuel price during the year was 39% lower than last year. This reduction resulted in 31% decline of jet fuel costs to AED 19.7bn (2014-15: AED 28.7bn) as fuel uplift at the same time increased by 14%. The drop in fuel price was the main contributor to the decrease of unit costs per ATKM by 16% (2014-15: 2%).

We remained largely unhedged on jet fuel prices and this strategy has significantly paid off during the current financial year.

We continue to manage our position by assessing the market risks on an ongoing basis.

Employee costs

Airline employees grew by 8% to support the increase in capacity, which led to an increase of 5% in employee costs at AED 12.5bn (2014-15: AED 11.9bn). At 16%, employee costs represents the second highest single cost element of the total operating costs.

Aircraft operating leases

We obtained 19 aircraft on operating lease and entered into sale and leaseback transactions for 13 aircraft. This contributed to the increase of AED 1.2bn (2014-15: AED 0.4bn) in aircraft operating lease cost.

Direct operating costs

The increase of AED 1.1bn (2014-15: AED 1.6bn) or 7% (2014-15: 11%) in direct operating costs including handling, in-flight catering, overflying, landing, parking and aircraft maintenance was due to capacity growth, increase in passenger handling and higher activity levels. This was partly offset by the positive impact of lower exchange rates.

Other operating costs

The increase in depreciation and amortisation cost of 7% or AED 0.6bn was mainly due to the addition of 10 aircraft as well as the full year impact of deliveries made during the last financial year. Sales and marketing costs reflect the strong focus on investing in our brand. Our new sponsorships include Rugby World Cup, Benfica and the FA Cup. In addition, we continued our Hello Tomorrow campaign with promotions such as the TV commercial with Jennifer Aniston. The 3% reduction in overall costs is mainly on account of beneficial exchange rates and the FIFA sponsorship deal coming to an end.

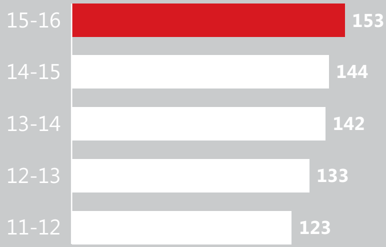
Corporate overhead costs were down by 24% or AED 613m mainly on account of lower exchange loss of AED 5m (2014-15: AED 721m). Excluding the exchange variance impact, the growth in corporate overheads was 6%.

Unit costs

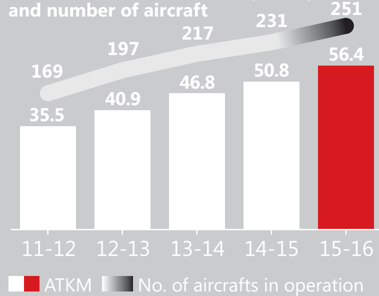
The favourable jet fuel price helped to improve unit costs by 16% to 132 fils per ATKM (2014-15: 158 fils). Excluding jet fuel, unit costs were down by 5% to 97 fils per ATKM (2014-15: 102 fils per ATKM).

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

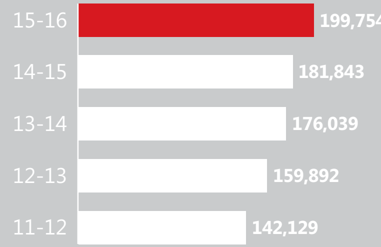
Destination cities



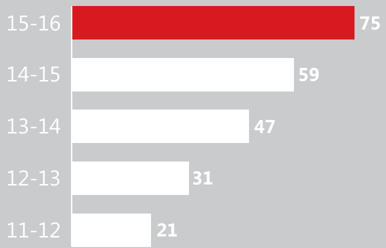
Available tonne kilometres (ATKM) in bn **and number of aircraft**



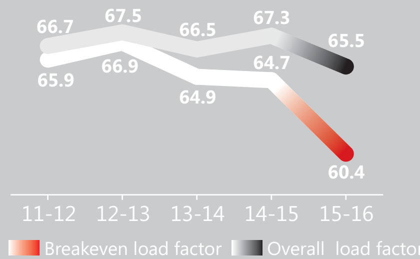
Aircraft departures



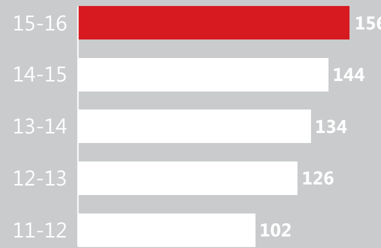
A380 aircraft numbers



Overall and breakeven load factor in %



B777 aircraft numbers



Capacity, traffic and load factor

We added 29 new aircraft to our service portfolio and increased the airline capacity measured in ATKM by 11% to 56.4bn tonne kilometres (2014-15: 50.8 bn).

The strong growth in both passengers and cargo volumes increased the overall traffic or RTKM by 8% to 36.9bn tonne-kilometres (2014-15: 34.2bn).

The overall load factor remained healthy at 65.5% (2014-15: 67.3%). The break-even load factor improved significantly to 60.4% (2014-15: 64.7%) on account of the improvement in unit cost but partially offset by lower yield.

We received our 75th A380 during the financial year and added 16 new aircraft in total to our A380 fleet. We continue to maintain our position as the largest operator of A380 aircraft. The high seat factor on the A380 fleet continued to demonstrate the customer preference for this aircraft and our product offering. The fleet carried 32% (2014-15: 27%) of our passengers in 2015-16. With current A380 operations to 38 destinations, 25% (2014-15: 22%) of all cities across the Emirates network are served by an A380.

The B777 aircraft continues to form the largest part of the fleet composition. We have added an additional 13 aircraft to the fleet and phased out one, which brings the total to 156. We remain the world's largest B777 operator and it accounts for almost 64% (2014-15: 69%) of the airline's capacity, carrying 61% (2014-15: 62%) of our passengers and 73% (2014-15: 77%) of cargo tonnage.

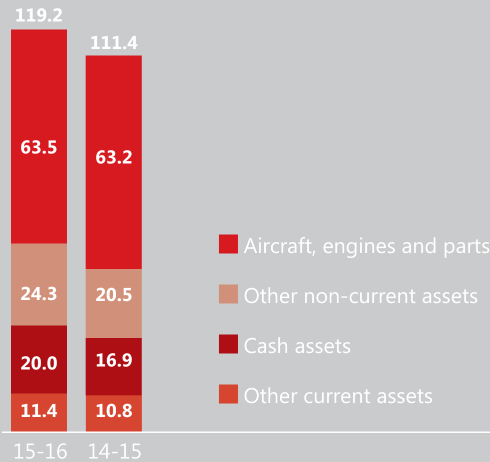
Aircraft departures increased by 10% to 199,754 (2014-15: 181,843).This was due to the increase in aircraft and impacted by last year's DXB runway closure and the required reduction in frequencies. We also closed operations to Kozhikode in India.

During the year, our traffic growth came mainly from:

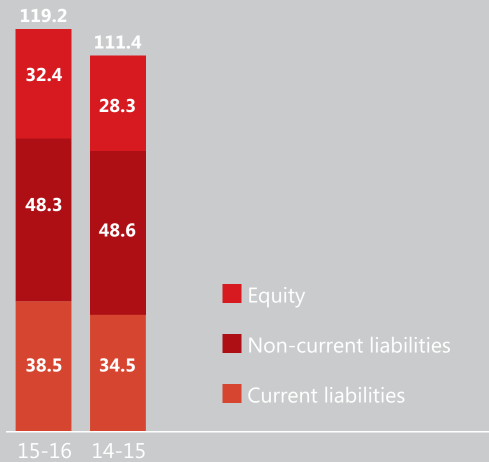
- Introduction of new passenger services to eight destinations – Bali, Multan, Orlando and Mashhad were introduced in the first half of the year and Bologna, Istanbul (Sabiha Gokcen Airport), Cebu and Clark were added in the second half of the financial year
- Higher frequencies to several existing destinations including Barcelona, Beirut, Birmingham, Boston, Cairo, Cochin, Phuket, Karachi, Lisbon, Munich, Seattle and Sialkot.
- Increased capacity to existing destinations with larger aircraft, particularly by introducing A380 services to Perth, Dusseldorf, Madrid, Copenhagen, Washington and Birmingham.

		2015-16	2014-15	% change
Capacity (ATKM)	million	56,383	50,844	10.9%
Load carried (RTKM)	million	36,931	34,207	8.0%
Load factor	%	65.5	67.3	(1.8 pts)
Break-even load factor	%	60.4	64.7	(4.3 pts)

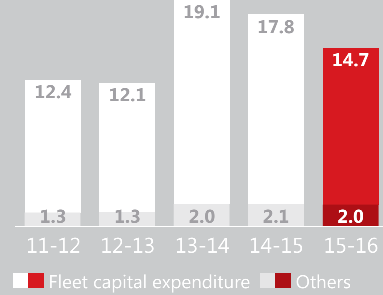
Assets in AED bn



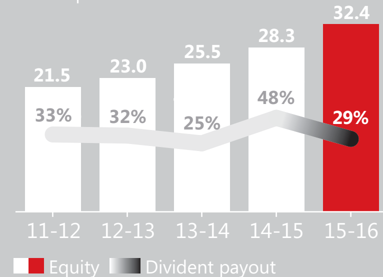
Equity and liabilities in AED bn



Fleet and other capital expenditure in AED bn



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



Balance sheet structure

Assets

Emirates total assets show a healthy growth of 7% (AED 7.8bn) over last year. This increase is primarily arising from an increase in other non-current assets by 19% (AED 3.8bn) and cash assets by 18% (AED 3.1bn).

The increase in total assets is arising from the expansion of our fleet. We added 10 aircraft through on balance sheet financing and 19 aircraft through operating leases.

Our current assets increased mainly due to a substantial increase of AED 3.1bn (2014-15: AED 0.3bn) in cash assets while other current assets remained stable at AED 11.4bn (2014-15: AED 10.8bn).

Equity

Total equity increased by 14.5% to AED 32.4bn (2014-15: AED 28.3bn) on account of higher profit which is partially offset by a dividend to the Owner amounting to AED 2.1bn (2014-15: AED 2.2bn).

Assets in AED bn	**2015-16**	**2014-15**	**change**	**% change**
Aircraft, engines and parts *	63.5	63.2	0.3	0.5
Other non-current assets	24.3	20.5	3.8	18.5
Cash assets	20.0	16.9	3.1	18.3
Other current assets	11.4	10.8	0.6	5.6
Total	**119.2**	**111.4**	**7.8**	**7.0**

*includes aircraft pre-delivery payments

The dividend payout ratio stood at 29% (2014-15: 48%) and brings the average pay-out ratio over the past five years to 33%. The equity ratio has improved to 27% compared to 25% in the previous financial year.

Liabilities

Total liabilities were up by AED 3.7bn mainly due to financing of 10 new aircraft.

The increase in current liabilities is mainly driven by borrowings maturing for repayment in June 2016.

Capital expenditure

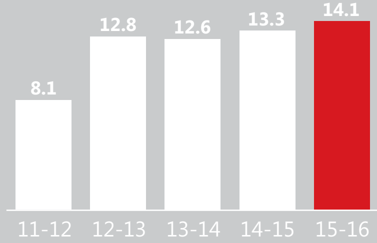
Although capital expenditure of AED 16.7bn (2014-15: AED 19.9bn) is lower compared to last year, it continues to be significant and reflects Emirates commitment to invest into the future. The overall decrease of AED 3.2bn compared to last year is mainly due to 66% of the 29 aircraft being delivered on operating lease.

Primary capital expenditure comprising spend on aircraft, major overhauls, spare engines and parts remained unchanged at 88% of the total capital expenditure compared to last year. It includes outflows for aircraft deliveries during the year as well as progress payments for future deliveries. The total secondary expenditure amounted to AED 2.0bn (2014-15: AED 2.1bn), of which the majority was invested in buildings and training facilities to support the expansion of the airline.

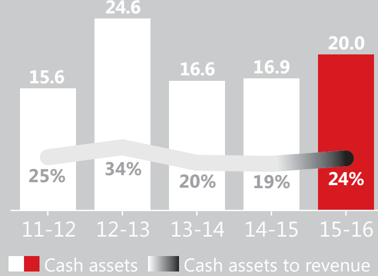
Equity and liabilities in AED bn	**2015-16**	**2014-15**	**change**	**% change**
Total equity	32.4	28.3	4.1	14.5
Non-current liabilities	48.3	48.6	(0.3)	(0.6)
Current liabilities	38.5	34.5	4.0	11.6
Total	**119.2**	**111.4**	**7.8**	**7.0**

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

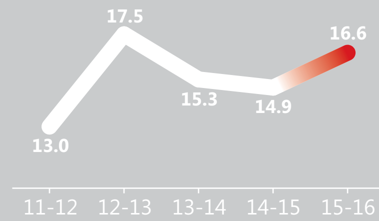
Cash generated from operating activities in AED bn



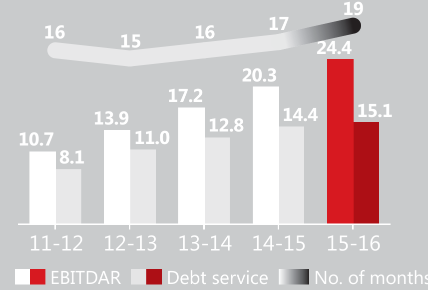
Cash assets in AED bn **and Cash assets to revenue** in %



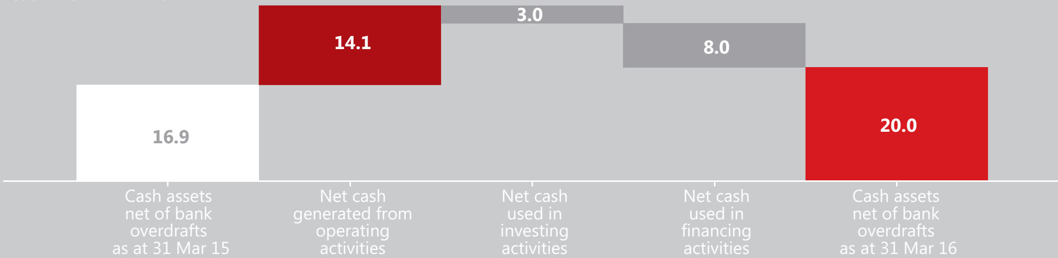
Operating cash margin in %



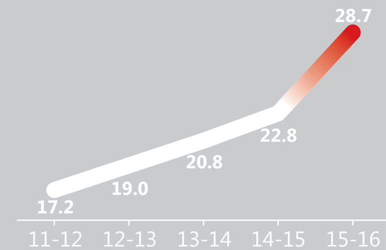
EBITDAR in AED bn **and debt service** in months



Cash flow in AED bn



EBITDAR margin in %



Cash position

Cash from operating activities

We generated the highest cash from operating activities ever recorded. The cash from operating activities amounted to AED 14.1bn (2014-15: AED 13.3bn) which is 6% higher than last year mainly on account of the increase in profit.

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

As revenue declined and cash from operating activities increased, the operating cash margin increased to 16.6% (2014-15: 14.9%).

Cash assets

Our cash assets including short term bank deposits are AED 3.1bn higher over last year and reflect a significant improvement compared with the AED 16.9bn balance at March 31, 2015. The balance includes AED 6.4bn from sale & lease back transactions to pre-fund the upcoming bond repayments in June 2016.

The cash assets to revenue and other operating income ratio increased to 24% (2014-15: 19%) as a result of an increased position of cash assets and decrease in revenue. The ratio is within the target range of 25% +/- 5%.

EBITDAR

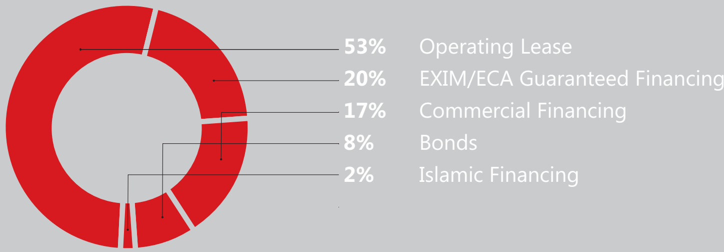
Cash profit from operations after debt service (or EBITDAR) has seen considerable growth over the past years and the trend continued during the current financial year. EBITDAR for 2015-16 stood at AED 24.4bn which is 20% higher than last year.

EBITDAR margin at 28.7% (2014-15: 22.8%) for the year shows a significant 5.9%pts improvement over last year.

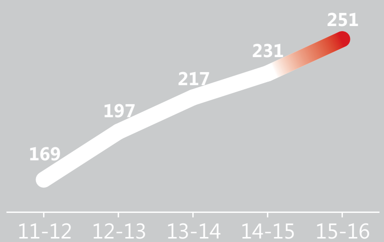
EBITDAR for the year equated to 19 months of future debt service and lease rentals, including periodic principal and interest payments on aircraft financing, bond issues and loans, a significant improvement on last year driven by the increase in operating profit.

	2015-16	2014-15	2013-14	2012-13	2011-12
EBITDAR in AED bn	**24.4**	**20.3**	**17.2**	**13.9**	**10.7**
Less: Debt service					
Repayment of bonds and loans	(1.7)	(0.6)	(2.5)	(2.2)	(0.9)
Repayment of lease liabilities	(4.1)	(5.6)	(2.7)	(2.1)	(1.9)
Operating lease rentals	(8.1)	(6.9)	(6.5)	(5.9)	(4.8)
Finance costs	(1.2)	(1.3)	(1.1)	(0.8)	(0.5)
Total	**(15.1)**	**(14.4)**	**(12.8)**	**(11.0)**	**(8.1)**
EBITDAR after debt service	**9.3**	**5.9**	**4.4**	**2.9**	**2.6**

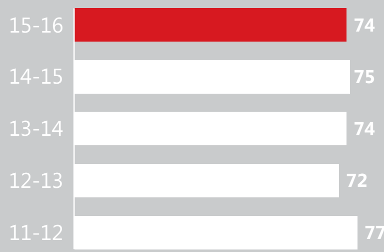
Sources of funding over last 10 years in %



Number of aircraft



Average fleet age in months



Fleet information As at 31 March 2016

Aircraft	in operation	of which on operating lease	of which on finance lease/loan	of which owned	on firm order	additional options
A 330-200	13	12	-	1	-	-
A 340-300	4	4	-	-	-	-
A 340-500	1	-	-	1	-	-
A 380-800	75	38	37	-	67	-
B 777-200ER	6	6	-	-	-	-
B 777-200LR	10	4	6	-	-	-
B 777-300	12	10	-	2	-	-
B 777-300ER	115	67	47	1	37	20
B 777-8X / 9X	-	-	-	-	150	50
Passenger	**236**	**141**	**90**	**5**	**254**	**70**
B 777-200LRF	13	13	-	-	-	-
B 747-400ERF	2	2	-	-	-	-
Total	**251**	**156**	**90**	**5**	**254**	**70**

Note: One A319 aircraft is used for Executive jet charters

Aircraft financing

Emirates raised a total of AED 26.9bn (US$ 7.3bn) in aircraft financing during the year (funded through finance, operating lease and unsecured loans) and has already received committed offers of finance covering almost all deliveries due in the forthcoming financial year. The total financing amount is significantly higher compared with AED 18.7bn (US$ 5.1bn) during the previous year and a reflection of the large new aircraft intake during 2015-16.

The US$ 913m UK Export Finance guaranteed sukuk issued last year funded the delivery of four new A380s in the current financial year. It was the first ever sukuk bond guaranteed by the UK Export Credit Agency (ECA) and the largest ever capital markets offering in aviation involving an ECA guarantee. This pioneering issuance gained recognition across the globe from the financing and investor community.

We continued to tap the Japanese market for the Japanese Operating Lease (JOL) structure and Japanese Operating Lease with a Call Option (JOLCO) on A380-800 and B777-300ER aircraft.

Emirates achieved a significant milestone earlier during the year by entering into a unique hybrid operating lease structure put together by combining German banks and institutional investors with Islamic debt in Murabaha format to fund an A380 aircraft.

Another major landmark was achieved when we closed the first ever operating lease on the A380 financed entirely by the Korean institutional investor market by means of private placements with a group of non-banking financial institutions.

During the year, Emirates also successfully closed sale and leaseback transactions for five vintage B777-300ER, four 2013 vintage A380-800 aircraft and four A330 aircraft.

Having raised more than AED 164bn (US$ 45bn) over the last 10 years, Emirates continues to maintain a well-diversified and evenly spread financing portfolio. Utilising various sources of funding, we endorse a resilient long term financing strategy.

Fleet information

During the financial year, Emirates took delivery of 29 aircraft – 12 B777-300ER and 1 B777-200F from Boeing and 16 A380's from Airbus. Emirates continued to remain the world's largest B777 operator with 156 aircraft comprising all variants of the B777 family. The airline is also the largest A380 operator with 75 twin deck units in its fleet.

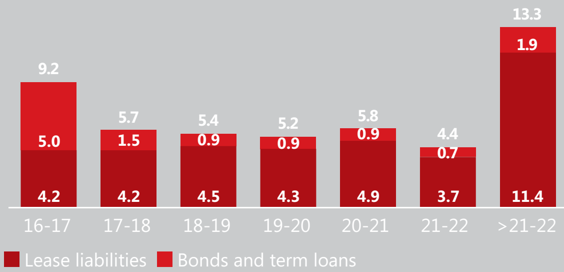
The new A380 and Boeing 777-300ER aircraft are recognized as the most efficient and quiet commercial aircraft, emitting 12% less carbon dioxide than the aircraft being retired.

In March 2016 we placed an order with Airbus for an additional two new A380 aircraft, to be delivered in the 4th quarter of 2017. The additional two aircraft, to be powered by Rolls Royce Trent 900 engines takes Emirates' total A380 firm orders to 67.

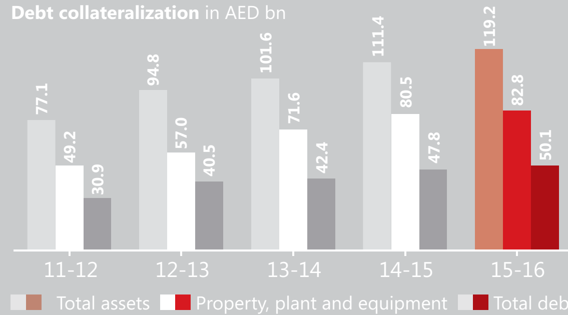
We operate one of the youngest fleet in the industry with an average age of 74 months (2014-15: 75 months) compared with an industry average of 140 months according to WATS report (58th edition).

In December 2015 Emirates announced a significant aircraft retirement programme. With the commencement of retiring older aircraft and the introduction of new, more fuel efficient aircraft in 2016, we will continue to lead the industry in reducing the average fleet age, while at the same time defining new levels of service that our customers have come to expect.

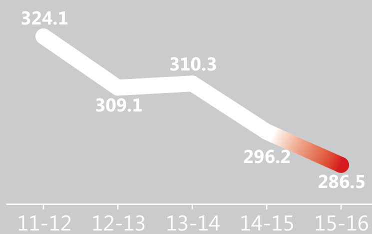
Debt repayment profile in AED bn



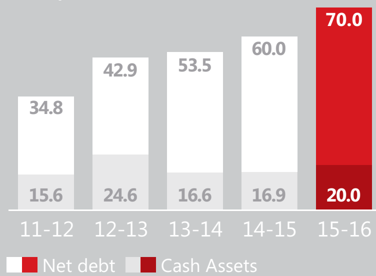
Debt collateralization in AED bn



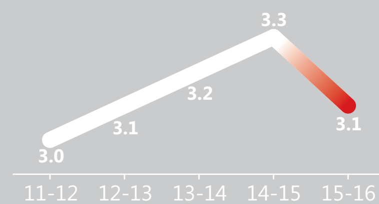
Net debt (including aircraft operating leases) EBITDAR ratio in %



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



Effective interest rate on borrowings and lease liabilities in %



Debt

Emirates total borrowing and lease liabilities increased to AED 50.1bn, up 5% over the previous year (2014-15: AED 47.8bn). The non-current portion of AED 40.8bn (2014-15: AED 42.4bn) represents 84% (2014-15: 87%) of the non-current liabilities while the current portion of AED 9.3bn (2014-15: AED 5.4bn) represents 24% (2014-15: 16%) of the current liabilities.

Total borrowing and leases increased mainly as a result of new financing for 10 aircraft, partly offset by repayment of bonds, term loans and finance lease liabilities.

The current borrowings and lease liabilities include AED 4.1bn of bonds maturing for repayment in June 2016.

The ratio of total borrowings and lease liabilities to total equity improved to 155% (2014-15: 169%) due to increase in equity.

The net debt including aircraft operating leases to equity ratio of 215.9% remained nearly unchanged compared to last year (2014-15: 212.1%).

Net debt to EBITDAR ratio

The net debt including aircraft operating leases to EBITDAR ratio declined to 286.5% (2014-15: 296.2%) as EBITDAR grew faster than net debt.

Debt service

Debt service payments (excluding operating lease rentals) during the year amounted to AED 7.0bn (2014-15: AED 7.5bn). These mainly represent repayments of bonds, loans, finance lease liabilities and the related finance costs.

Debt maturity profile

We aim to achieve a stable repayment profile by obtaining debt with periodic instalments as opposed to bullet payments. This enables us to manage debt servicing through our operating cash flows and the use of the surplus cash for investment purposes.

We will repay in full, the two remaining bullet bonds maturing in June 2016 for the value of AED 408m (SGD 150m) and AED 3.7bn (US$ 1.0bn) from our internal cash resources. These bonds were raised in 2006 and 2011 to address the airline's working capital requirements.

Debt collateralization

Of the total debt of AED 50.1bn, 80% or AED 40.2bn is secured against property plant and equipment. The remaining debt of AED 9.9bn is adequately covered against the carrying value of unencumbered assets amounting to AED 31.8bn.

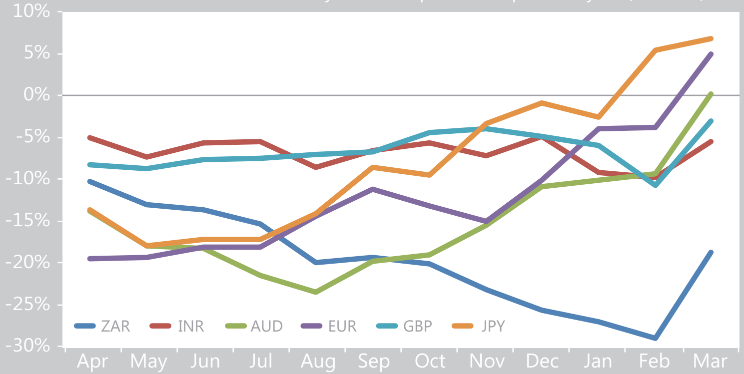
Currency and interest rate risk

Interest rates

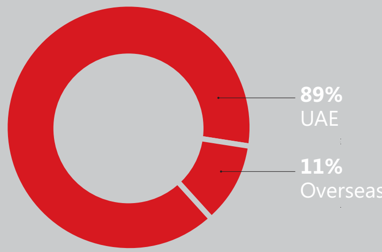
With our ongoing fleet acquisition, we continue to use natural hedges and other prudent hedging solutions such as swaps to manage our interest rate exposures. We target a balanced portfolio approach, whilst taking advantage of market movements, with a long-term view of hedging around half of our interest rate risk exposures. Borrowings and lease liabilities (net of cash) including the off balance sheet aircraft on operating lease at 31 March 2016, comprise 92% on a fixed interest rate basis with the balance 8% on floating interest rates.

At 31 March 2016, borrowings and lease liabilities carry an effective interest rate of 3.1% (2014-15: 3.3%).

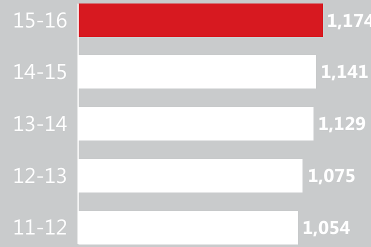
Currency development Graph represents the monthly % change of our six major currency rates compared with previous year (2014-15)



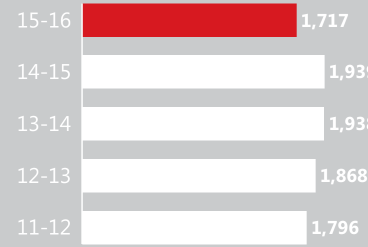
Geographical work force in %



Capacity per airline employee in ATKM '000



Revenue per airline employee in AED '000



Employee strength	2015-16	2014-15	% change
UAE			
Cabin crew	21,722	19,328	12.4
Flight deck crew	3,868	3,687	4.9
Engineering	3,215	2,702	19.0
Others	13,352	13,182	1.3
	42,157	**38,899**	**8.4**
Overseas stations	5,866	5,672	3.4
Total Airline	**48,023**	**44,571**	**7.7**
Subsidiary companies	**13,182**	**12,154**	**8.5**
Average employee strength	**61,205**	**56,725**	**7.9**

Currency

We generate a substantial net surplus in Euro, Pound sterling, Australian dollar, Indian rupee, Chinese yuan, Swiss franc, South African rand and Japanese yen. We proactively manage the currency exposure generally over a period up to 12 months depending on market conditions by using prudent hedging solutions including forward contracts, currency swaps and natural hedges. For the year ended 31 March 2016, financial instruments were used to provide hedge coverage of between 31% and 56% of the net surplus in these currencies.

The foreign currency graph shows the percentage change in average monthly currency rates of our six major currencies compared with previous year. All the above currencies had shown a declining trend nearly over the entire 12-months period. Values compared to the US dollars have significantly dropped during the entire year and worked against us with average currency depreciations of 11% but up to 30% for the South African rand.

The movements in exchange rates compared to the previous financial year had an overall negative impact of AED 4.2bn on Emirates' operating results after offsetting gains from currency hedges.

Currency	Average rate 2015-16	Average rate 2014-15	% change
EUR	4.048	4.619	(12.4)
GBP	5.516	5.907	(6.6)
AUD	2.700	3.191	(15.4)
INR	0.056	0.060	(6.8)
ZAR	0.267	0.332	(19.4)
JPY	0.031	0.033	(8.3)

These six currencies account for circa 41% (2014-15: 42%) of transport revenue while US$, AED and other currencies pegged to the US dollar account for another 37% (2014-15: 35%) of transport revenue.

Employee strength and productivity

The average workforce increased by 4,480 or 8% to 61,205.

The average number of employee in the airline increased by 3,452 or 8% to 48,023. The largest part of the growth comes from the cabin and flight deck crews as well as from an increase in the engineering workforce to support the steady growth in our fleet size and maintenance events.

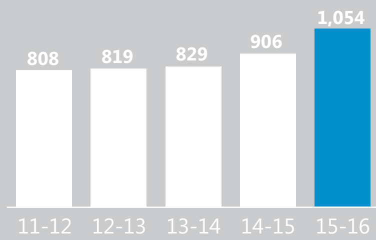
The 9% manpower growth in subsidiaries was mainly on account of increased activity levels in companies managing the catering and food and beverage business.

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

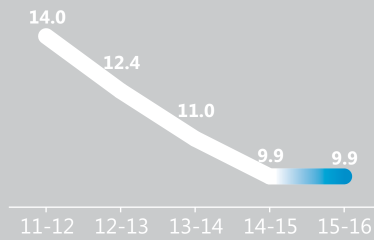
- Revenue per airline employee has dropped to AED 1,717 thousand (2014-15: AED 1,939 thousand) due to a drop in revenue.
- Capacity per airline employee increased by 3% to 1,174 thousand ATKM (2014-15: 1,141 thousand ATKM).
- The load carried per airline employee remained stable at 769 thousand RTKM (2014-15: 767 thousand RTKM).

dnata Financial Commentary

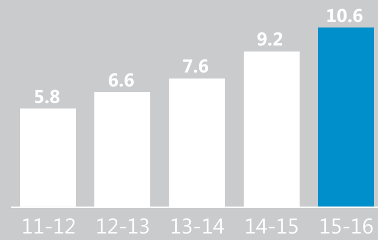
Profit attributable to the Owner in AED m



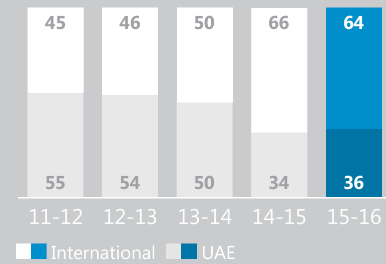
Profit margin in %



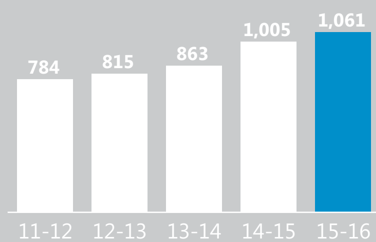
Development of Total Revenue in AED bn



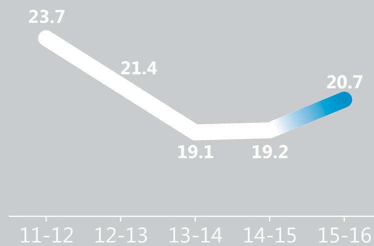
Geographical revenue in %



Operating profit in AED m



Return on shareholder's funds in %



Revenue in AED m	**2015-16**	**2014-15**	**% change**	**% of total**
Travel services	3,306	2,461	34.3	31.7
UAE airport operations	2,851	2,514	13.4	27.4
International airport operations	2,096	1,594	31.5	20.1
Catering	1,886	2,025	(6.9)	18.1
Others	283	147	92.5	2.7
Total	**10,422**	**8,741**	**19.2**	**100.0**

For the first time in dnata's 57th year of operations its profit attributable to the Owner crossed the AED 1bn mark. dnata achieved a profit of AED 1.1bn (2014-15: AED 906m) and is further accelerating its position as one of the world's largest combined air services providers now having presence in six continents through its continued strategy of international acquisitions and organic growth.

In September 2015, dnata acquired the cargo handling operations of Aviapartner at Amsterdam Airport Schiphol, The Netherlands ("dnata BV'). Along with the full cargo handling operations, this facility includes several specialist product lines including the Schiphol Animal Centre and Temperature Control Centre, as well as its Freighter Ramp Handling operations.

In November 2015, dnata obtained 100% control of one of its joint ventures, Plafond Fit Out LLC ("Plafond") by acquiring the remaining 50% interest. Plafond is a Dubai based fit-out and facilities maintenance company.

In December 2015, dnata acquired 70% of shares in RM Services Auxiliaries de Transporte Aereo Ltd, Brazil ("dnata Brazil"). dnata Brazil is a provider of passenger ground handling related activities including baggage services and aircraft cleaning which operates from 24 airports spread across Brazil.

In March 2016 dnata acquired 30% of shares in Airport Handling SpA ("AH") in Italy. AH provides a variety of passenger, ramp, baggage and cargo handling services to over 60 airlines at both of Milan's airports, Malpensa International and Linate.

This year's financial statements also include the full year impact of Stella Travel, UK which was acquired in October 2014, and Toll dnata Airport Services ("dnata Australia') which was converted from a joint venture to a subsidiary in February 2015.

Profitability

The profit attributable to the Owner for 2015-16 at AED 1.1bn (2014-15: AED 906m) is up 16% over the previous financial year primarily coming from organic growth in all core business segments supported by the full year impact of last year's acquisitions of Stella Travel and dnata Australia and the new acquisitions during the year. The profit margin for the year remained unchanged at 9.9%.

The return on shareholder's funds works out to 20.7% (2014-15: 19.2%) and represents a healthy return on equity.

Operating profit grew by 6% to AED 1.1bn (2014-15: AED 1.0bn). The operating margin at 10.0% (2014-15: 11.0%) was impacted by the one-off divestment gain from our UAE based aviation IT business – mercator recorded in last year.

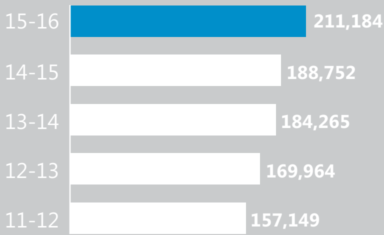
Revenue

dnata's overall revenue saw a strong increase by 19% or AED 1.7bn to AED 10.4bn (2014-15: AED 8.7bn).

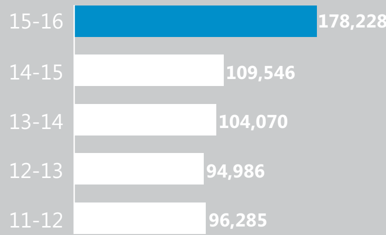
All major lines of business recorded an increase in revenue except for catering. The highest growth of 34% or AED 0.8bn relates to Travel services due to the full year results from Stella Travel and the transfer of our destination and leisure management business from Emirates. International airport operations also shows a significant increase of 32% or AED 0.5bn on account of the full year impact of dnata Australia and new acquisitions in the Netherlands and Brazil.

The share of geographic revenue from international operations outside the UAE stands at 64% (2014-15: 66%). This is consistent with dnata's strategy to grow the international business in a controlled manner and further diversify its customer base.

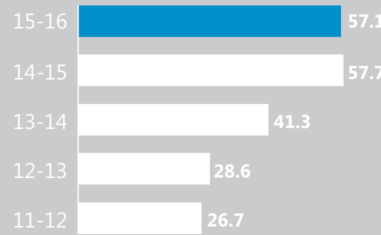
UAE airport operations - Aircraft handled



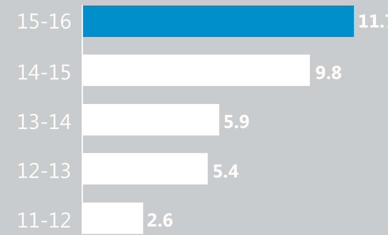
International airport operations - Aircraft handled



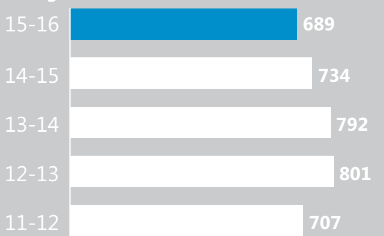
Catering - Meals uplifted number in millions



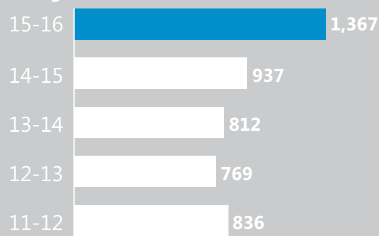
Travel services - Total transaction value (TTV) in AED bn



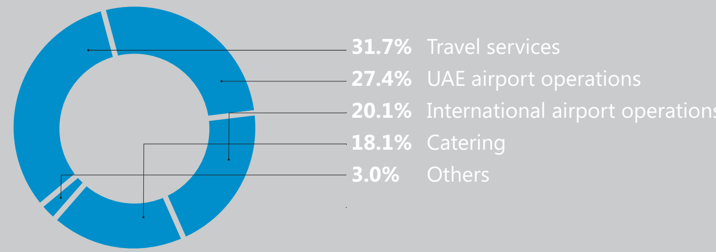
UAE airport operations - Cargo handled - in tonnes '000



International airport operations - Cargo handled - in tonnes '000



Revenue by line of business in %



UAE airport operations

UAE airport operations recorded revenues of AED 2.9bn (2014-15: AED 2.5bn). The 13% growth primarily relates to the ground handling operations at Dubai International airport (DXB) which developed positively and keeping previous year's runway closure impact in mind which caused a substantial revenue loss over the period.

The number of aircraft handled at both airports was 211,184 (2014-15: 188,752), an increase of 12% compared to last year due to increased traffic.

Cargo volumes handled were down by 6% to 689 thousand tonnes compared with previous year and mainly impacted by ongoing weak global economic conditions. Dubai World Central Al Maktoum International airport (DWC) accounts for 24% (2014-15: 36%) of dnata's cargo handling activities. The decline is caused by some airlines shifting their cargo business back to DXB.

International airport operations

International airport operations recorded revenues of AED 2.1bn (2014-15: AED 1.6bn). The solid 32% growth primarily comes from dnata Australia's operation first time consolidated on a full year base.

In Australia, Pakistan, Philippines and the UK dnata added a number of new airports to its operations aside from the substantial growth in stations with the acquisitions in the Netherlands and Brazil. A new warehouse was opened in Manchester.

Growth in terms of aircraft handled in its international business was 63% to 178,228 (2014-15: 109,546) compared to prior year. The main drivers for this increase being dnata Australia and Brazilian operations.

Cargo tonnage handled grew by 46% to 1,367 thousand tonnes (2014-15: 937 thousand tonnes) mainly due to the full year impact of dnata Australia, and the new acquisition in the Netherlands.

Catering

Revenue from catering activities decreased by 7% to AED 1.9bn (2014-15: AED 2.0bn).

This decline was mainly on account of a significant weakening of major currencies against the US$ and lower meal volumes in Italy. This was partly offset by volume growth due to new customers in Australia and dnata's En Route business.

We benefited from last year's investments in two new Halal kitchens in Italy and continue to invest in our facilities throughout the network, refurbishment of our airport outlets in Romania, Jordan and the UAE (Sharjah) along with the start of the construction of a new state-of-the art facility in Cairns, Australia.

Meals uplifted during this financial year are down by 1% to 57.1m (2014-15: 57.7m).

Travel services

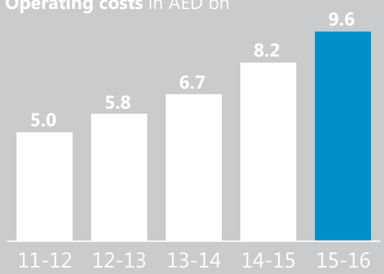
Travel services revenue has grown by 34% to AED 3.3bn (2014-15: AED 2.5bn) driven by the full year results from Stella Travel and the transfer of the destination and leisure management businesses from Emirates to dnata. This was offset by the adverse impact of terror threats and unfavourable exchange rates.

The underlying travel services related turnover measured by Total Transaction Value (TTV), increased by 20% to AED 11.7bn (2014-15: AED 9.8bn).

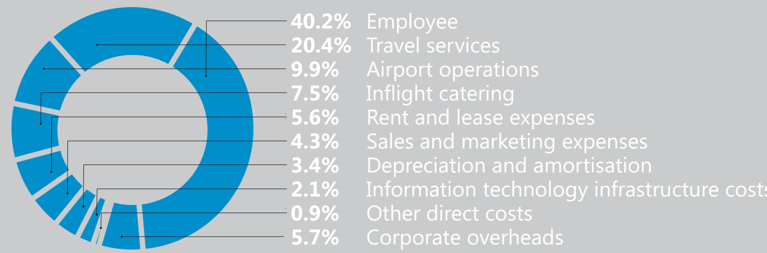
The UK travel business accounts for 83% (2014-15: 88%) of revenues and continued to enhance the profile of Dubai as a travel destination and to highly support inbound tourism for Dubai.

Revenue from dnata's Middle Eastern and Indian markets remained stable, despite the challenging economic environment in the region.

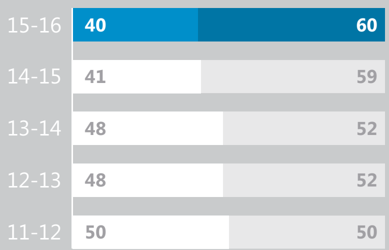
Operating costs in AED bn



Operating costs in %



Employee cost as % of operating costs



Operating costs in AED m	**2015-16**	**2014-15**	**% change**	**2015-16 % of operating costs**
Employee	3,847	3,351	14.8	40.2
Direct costs				
Travel services	1,951	1,458	33.8	20.4
Airport operations	949	824	15.2	9.9
In-flight catering	715	735	(2.7)	7.5
Other	86	-	-	0.9
Rental and lease expenses	537	500	7.4	5.6
Sales and marketing expenses	418	362	15.5	4.3
Depreciation and amortisation	323	296	9.1	3.4
Information technology infrastructure costs	199	191	4.2	2.1
Corporate overheads	544	438	24.2	5.7
Total operating costs	**9,569**	**8,155**	**17.3**	**100.0**

Expenditure

Operating costs at AED 9.6bn (2014-15: AED 8.2bn) increased by 17% or AED 1.4bn. The increase relates mainly to the full year impact of Stella Travel and dnata Australia, the acquisition of dnata BV, dnata Brazil and Plafond and the growth in existing lines of business.

Employee costs

Employee costs increased 15% to AED 3.8bn (2014-15: AED 3.4bn) and continued to be the single largest element at 40% of operating costs (2014-15: 41%).

The increase in employee costs is mainly attributable to the 24% increase in dnata's employee base compared to the previous year due to the new acquisitions and expansion of existing operations.

Direct costs

Direct costs at AED 3.7bn are 23% or AED 684m higher as compared to previous year. This new consolidated reporting line is further split up into the direct cost for the three main lines of business (UAE and International Airport Operations combined).

Direct costs for travel services were AED 2.0bn (2014-15: 1.5bn) or 34% higher compared with the previous year mainly on account of the full year impact of Stella Travel. These costs primarily include the cost for packages sold where dnata acts as the principal and recognises revenue on a gross basis.

Airport operations direct costs increased by 15% to AED 949m (2014-15: AED 824m). This increase is due to the full year impact of dnata Australia, and the newly acquired business units in the Netherlands and Brazil.

Inflight catering related direct costs at AED 715m (2014-15: AED 735m) decreased by 3% over the previous year mainly due to the weakening of currencies and partly offset by the increase in volume of En Route's products across various markets.

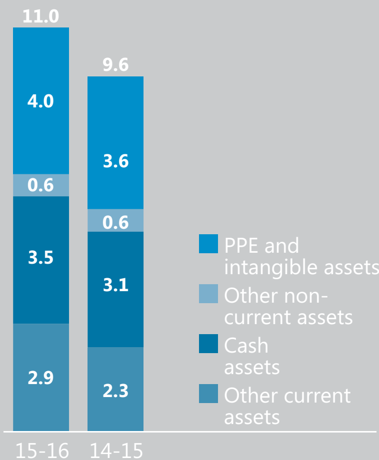
Other operating costs

The increase in sales and marketing costs by 16% to AED 418m (2014-15: AED 362m) is on account of the full year consolidation of Stella Travel coupled with growth of other travel related business units in dnata.

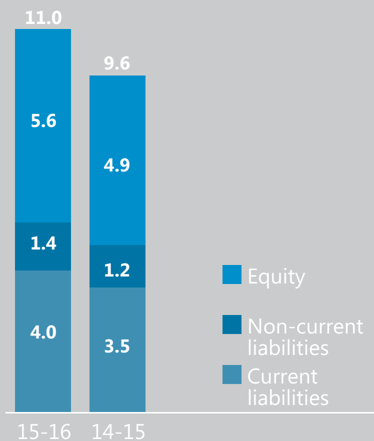
The increase in rentals and lease expenditure and corporate overheads is primarily on account of all acquisitions completed during the financial year and the full year impact of last years' acquisitions.

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

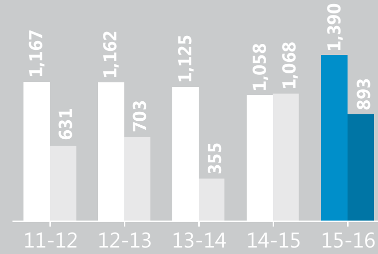
Assets in AED bn



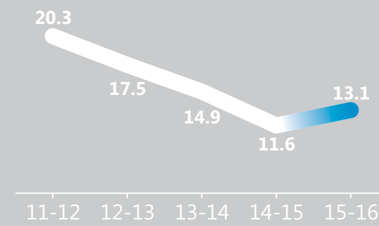
Equity and liabilities in AED bn



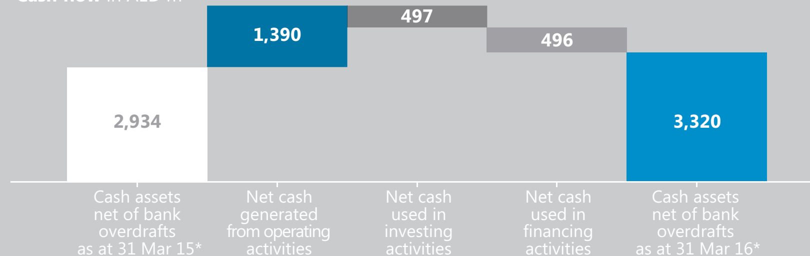
Free cash flow in AED m



Operating cash margin in %



Cash flow in AED m



* Includes the effects of exchange rate changes

Assets in AED m	2015-16	2014-15	change	% change
PPE and intangible assets	3,985	3,604	381	10.6
Other non-current assets	605	615	(10)	(1.6)
Cash assets	3,465	3,148	317	10.1
Other current assets	2,923	2,279	644	28.7
Total	**10,978**	**9,646**	**1,332**	**13.8**

Balance Sheet Structure

Assets

Total assets value has grown by 14% or AED 1.3bn to AED 11.0bn.

Net investment in property, plant and equipment is up strongly by 15% to AED 1.7bn (2014-15: AED 1.5bn). dnata invested more than AED 500m to enhance its service offering in cargo, ground handling and catering. The investments made include enhanced infrastructure in our catering business across various markets, new ground handling equipment due to new customer contracts in the UK, a new maintenance base in Singapore and continued investments in dnata's operations in Dubai.

Intangible assets increased slightly to AED 2.3bn (2014-15: AED 2.1bn). Acquisitions in the year resulted in AED 253m additional goodwill and customer relationships. The annual amortisation charge and the impact of currency depreciation (Euro, GBP, AUD and CHF) negatively affected the intangibles balance. The carrying value of goodwill which accounts for 75% of the net book value of intangible assets, is confirmed on an annual basis through impairment testing.

Trade and other receivables, increased by AED 637m or 28% compared to 2014-15 primarily because of the consolidation of new acquisitions which includes dnata BV, Plafond, RM Services and AH in Italy.

Equity and liabilities in AED m	2015-16	2014-15	change	% change
Equity	5,554	4,853	701	14.4
Non-current liabilities	1,362	1,213	149	12.3
Current liabilities	4,062	3,580	482	13.5
Total	**10,978**	**9,646**	**1,332**	**13.8**

Equity and liabilities

Total equity of AED 5.6bn reflects a healthy growth of 14% over last year. The increase is mainly on account of the profit for the year, partly offset by the dividend declared of AED 400m (2014-15: AED 400m).

The 23% increase in trade and other payables is due to the various acquisitions throughout the financial year. There is no significant movement in other liabilities.

Cash position

Cash from operating activities

dnata generated the highest cash from operating activities ever recorded and the figure stands at AED 1.4bn (2014-15: AED 1.1bn). This is a significant increase of 31% primarily on account of growth in profit from all major business units.

Higher cash generated from operating activities pushed the operating cash margin up to 13.1% (2014-15: 11.6%).

Free cash flow

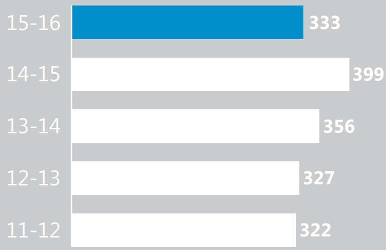
Free cash flow is adequate to meet our needs for organic and inorganic growth and provides the desired flexibility for making strategic investments.

Free cash flow decreased to AED 893m (2014-15: AED 1.1bn) in the current year on account of the increased number of new investments and acquisitions throughout the financial year.

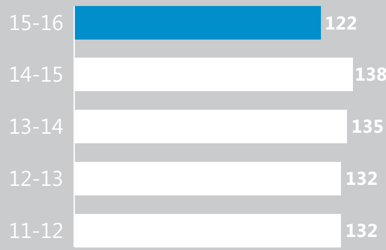
Cash assets

Cash assets continue to remain strong, up 10% to AED 3.5bn. The increase of AED 317m is after outflows of AED 496m used in financing activities from the free cash flow and reduced overdrafts by AED 69m based on improved cash management.

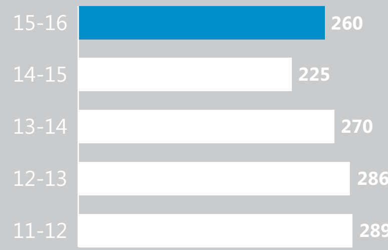
Revenue per employee in AED '000



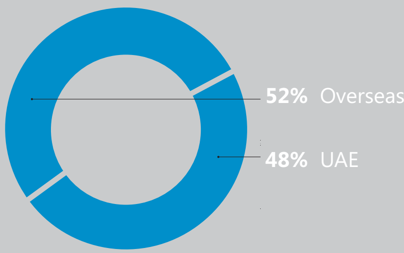
Man hours per turn in hours



Cargo handled per man hour in kgs



Geographical work force in %



Employee strength

	2015-16	2014-15	% change
International airport operations	11,534	7,343	57.1
UAE airport operations	11.280	10,823	4.2
Catering	4,434	4,274	3.7
Travel services	3,619	2,952	22.6
Others	3,250	2,036	59.6
Average employee strength	**34,117**	**27,428**	**24.4**

Employee strength and productivity

During 2015-16, the average workforce increased by 6,689 or 24% to 34,117. This has been the strongest growth in employee numbers in a single year for dnata.

With the further global expansion, for the first time in dnata's 57th year of operation, more than 50% of its workforce are employed Overseas. The ratio for this financial year is 52%, up 3%pts from last year (2014-15: 49%).

International airport operations with a total of 11,534 staff is now the leading business unit in dnata in terms of workforce strength. The significant increase of 57%, or more than 4,000 staff, in one year is caused by the multiple acquisitions in various countries including the Netherlands, Brazil and Italy.

The average employee count for dnata's Travel services increased by 23% to 3,619 (2014-15: 2,952) mainly due to the transfer of destination and leisure businesses from Emirates to dnata.

The 60% staff increase in Others to 3,250 (2014-15: 2,036) is driven by the acquisition of Plafond.

Workforce growth of 4% in the other two main business lines, UAE airport operations and Catering has been moderate.

Productivity measured in terms of revenue per employee decreased by 24% to AED 333 thousand from AED 399 thousand in 2014-15. The decrease arises from the impact of the recent acquisitions in ground handling services.

Productivity measured in terms of man hours per aircraft turn is down at 122 (2014-15: 138) due to an increase in activity of handling narrow body aircraft in our overseas business.

Productivity measured in terms of cargo handled per man hour at 260 kgs increased by 16% (2014-15: 225 kgs) on account of international acquisitions made during the last two years.

Independent Auditor's Report to the Owner of Emirates

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Emirates and its subsidiaries (together referred to as "Emirates"), which comprise the consolidated statement of financial position as of 31 March 2016 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Emirates as of 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
8 May 2016

Paul Suddaby

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Consolidated Income Statement for the year ended 31 March 2016

	Note	2016 AED m	2015 AED m
Revenue	5	83,500	86,728
Other operating income	6	1,544	2,091
Operating costs	7	(76,714)	(82,926)
Operating profit		**8,330**	**5,893**
Finance income	8	220	175
Finance costs	8	(1,329)	(1,449)
Share of results of investments accounted for using the equity method	13	142	152
Profit before income tax		**7,363**	**4,771**
Income tax expense	9	(45)	(43)
Profit for the year		**7,318**	**4,728**
Profit attributable to non-controlling interests		193	173
Profit attributable to Emirates' Owner		**7,125**	**4,555**

Consolidated Statement of Comprehensive Income for the year ended 31 March 2016

Profit for the year		**7,318**	**4,728**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations	25	9	(142)
Items that are or may be reclassified subsequently to the consolidated income statement			`
Currency translation differences	19	1	(45)
Cash flow hedges	19	(1,010)	511
Share of other comprehensive income of investments accounted for using the equity method	19	(2)	-
Other comprehensive income		**(1,002)**	**324**
Total comprehensive income for the year		**6,316**	**5,052**
Total comprehensive income attributable to non-controlling interests		193	173
Total comprehensive income attributable to Emirates' Owner		**6,123**	**4,879**

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

Consolidated Statement of Financial Position as at 31 March 2016

	Note	2016 AED m	2015 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	11	82,836	80,544
Intangible assets	12	1,317	975
Investments accounted for using the equity method	13	522	544
Advance lease rentals	14	2,580	920
Loans and other receivables	15	494	619
Derivative financial instruments	35	-	21
Deferred income tax asset	29	3	4
		87,752	**83,627**
Current assets			
Inventories	16	2,106	1,919
Trade and other receivables	17	9,321	8,589
Derivative financial instruments	35	12	342
Short term bank deposits	33	7,823	8,488
Cash and cash equivalents	33	12,165	8,397
		31,427	**27,735**
Total assets		**119,179**	**111,362**

	Note	2016 AED m	2015 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	18	801	801
Other reserves	19	(1,179)	(168)
Retained earnings		32,287	27,253
Attributable to Emirates' Owner		**31,909**	**27,886**
Non-controlling interests		**496**	**400**
Total equity		**32,405**	**28,286**
Non-current liabilities			
Trade and other payables	30	513	202
Borrowings and lease liabilities	20	40,845	42,426
Deferred revenue	27	1,596	1,650
Deferred credits	28	1,090	207
Derivative financial instruments	35	440	521
Provisions	24	3,762	3,589
Deferred income tax liability	29	4	-
		48,250	**48,595**
Current liabilities			
Trade and other payables	30	27,037	27,770
Income tax liabilities		35	34
Borrowings and lease liabilities	20	9,260	5,382
Deferred revenue	27	1,316	1,244
Deferred credits	28	139	49
Derivative financial instruments	35	737	2
		38,524	**34,481**
Total liabilities		**86,774**	**83,076**
Total equity and liabilities		**119,179**	**111,362**

The consolidated financial statements were approved on 8 May 2016 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Timothy Clark
President

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

Consolidated Statement of Changes in Equity for the year ended 31 March 2016

		Attributable to Emirates' Owner					
	Note	**Capital**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		AED m	AED m	AED m	AED m	AED m	AED m
1 April 2014		801	(634)	25,009	25,176	295	25,471
Profit for the year		-	-	4,555	4,555	173	4,728
Other comprehensive income		-	466	(142)	324	-	324
Total comprehensive income		**-**	**466**	**4,413**	**4,879**	**173**	**5,052**
Dividends		-	-	(2,169)	(2,169)	(68)	(2,237)
Transactions with Owners		**-**	**-**	**(2,169)**	**(2,169)**	**(68)**	**(2,237)**
31 March 2015		**801**	**(168)**	**27,253**	**27,886**	**400**	**28,286**
Profit for the year		-	-	7,125	7,125	193	7,318
Other comprehensive income		-	(1,011)	9	(1,002)	-	(1,002)
Total comprehensive income		**-**	**(1,011)**	**7,134**	**6,123**	**193**	**6,316**
Non-controlling interest on acquisition of a subsidiary	13	-	-	-	-	21	21
Dividends		-	-	(2,100)	(2,100)	(118)	(2,218)
Transactions with Owners		**-**	**-**	**(2,100)**	**(2,100)**	**(97)**	**(2,197)**
31 March 2016		**801**	**(1,179)**	**32,287**	**31,909**	**496**	**32,405**

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

Consolidated Statement of Cash Flows for the year ended 31 March 2016

	Note	2016 AED m	2015 AED m
Operating activities			
Profit before income tax		7,363	4,771
Adjustments for:			
Depreciation and amortisation	7	8,000	7,446
Finance costs - net		1,109	1,274
(Gain) / loss on sale of property, plant and equipment		(367)	(132)
Share of results of investments accounted for using the equity method	13	(142)	(152)
Net provision for impairment of trade receivables	17	21	32
Provision for employee benefits	7	733	669
Net movement on derivative financial instruments		(5)	(17)
Gain on sale of investments accounted for using the equity method		(12)	-
Employee benefit payments		(585)	(534)
Income tax paid		(62)	(68)
Change in inventories		(168)	(213)
Change in receivables and advance lease rentals		(2,234)	194
Change in provisions, payables, deferred credits and deferred revenue		454	(5)
Net cash generated from operating activities		**14,105**	**13,265**

	Note	2016 AED m	2015 AED m
Investing activities			
Proceeds from sale of property, plant and equipment		6,535	3,478
Additions to intangible assets	12	(374)	(157)
Additions to property, plant and equipment	34	(9,504)	(10,269)
Investments in associates and joint ventures	13	(19)	(12)
Acquisition of a subsidiary, net of cash acquired		(23)	-
Movement in short term bank deposits		665	266
Finance income		231	168
Dividends from investments accounted for using the equity method	13	128	115
Net cash used in investing activities		**(2,361)**	**(6,411)**
Financing activities			
Proceeds from loans	22	1,213	2,215
Repayment of bonds and loans		(1,703)	(622)
Aircraft finance lease costs		(918)	(951)
Other finance costs		(294)	(341)
Repayment of lease liabilities		(4,055)	(5,628)
Dividend paid to Emirates' Owner		(2,100)	(869)
Dividend paid to non-controlling interests		(118)	(68)
Net cash used in financing activities		**(7,975)**	**(6,264)**
Net change in cash and cash equivalents		**3,769**	**590**
Cash and cash equivalents at beginning of year		8,393	7,800
Effects of exchange rate changes		3	3
Cash and cash equivalents at end of year	33	**12,165**	**8,393**

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

1. General information

Emirates comprises Emirates and its subsidiaries. Emirates was incorporated, with limited liability, by an Emiri Decree issued by H. H. Sheikh Maktoum bin Rashid Al-Maktoum on 26 June 1985 and is wholly owned by the Investment Corporation of Dubai ("the parent company"), a Government of Dubai entity. Emirates commenced commercial operations on 25 October 1985 and is designated as the International Airline of the UAE.

Emirates is incorporated and domiciled in Dubai, UAE. The address of its registered office is Emirates Group Headquarters, PO Box 686, Dubai, UAE.

The main activities of Emirates comprise:

- commercial air transportation which includes passenger and cargo services
- wholesale and retail of consumer goods
- hotel operations
- in-flight catering
- food and beverage sales

2. Summary of significant accounting policies

A summary of the significant accounting policies, which have been applied consistently in the preparation of these consolidated financial statements, is set out below.

Basis of preparation

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

Standards and amendments to published standards that are relevant to Emirates

Effective and adopted in the current year

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

- Annual improvements 2010-2012 cycle (effective from 1 July 2014)
- Annual improvements 2011-2013 cycle (effective from 1 July 2014)

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new accounting standards and amendment have been published that are mandatory for accounting periods commencing after 1 April 2016 or later periods, but have not been early adopted. Management is currently assessing the following standards and amendment which are likely to have an impact on Emirates.

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

IFRS 16, Leases (effective from 1 January 2019)

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

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

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

Basis of consolidation

Subsidiaries are those entities (including structured entities) over which Emirates has control. Control is exercised when Emirates is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity. Subsidiaries are fully consolidated from the date on which control is transferred to Emirates and are de-consolidated from the date that control ceases. Inter-company transactions, balances and unrealised gains and losses arising on transactions between Emirates and its subsidiaries are eliminated.

The acquisition method of accounting is used to account for business combinations by Emirates. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquiree, fair value of contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets, including intangible assets acquired, liabilities and contingent liabilities incurred or assumed in a business combination, are measured initially at their fair values at the acquisition date. Any non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree 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.

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

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

When Emirates ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in the consolidated income statement. The fair value 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 are accounted for as if the related assets or liabilities have been directly disposed off. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement. If the ownership in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement where appropriate.

2. Summary of significant accounting policies (continued)

Revenue

Passenger (including excess baggage) and cargo sales are recognised as revenue when the transportation is provided. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the consolidated statement of financial position under current liabilities as passenger and cargo sales in advance. Unused flight documents are recognised as revenue based on their terms and conditions and historical trends.

Revenue from the sale of consumer goods, food and beverages and in-flight catering is recognised when risks and rewards of ownership are transferred to the customer and is stated net of discounts and returns.

All other revenues are recognised net of discounts when services are rendered.

Frequent flyer programme

Emirates operates a frequent flyer programme that provides a variety of awards to programme members based on a mileage credit for flights on Emirates and other airlines that participate in the programme. Members can also accrue miles by utilising the services of non-airline programme participants.

Emirates accounts for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted for as a liability (deferred revenue) in the consolidated statement of financial position. The fair value is determined using estimation techniques that take into account the fair value of awards for which miles could be redeemed. Miles accrued through utilising the services of programme partners and paid for by the participating partners are also accounted for as deferred revenue until they are utilised. A liability is not recognised for miles that are expected to expire.

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

Finance income

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

Liquidated damages

Income from claims for liquidated damages is recognised in the consolidated income statement as other income or a reduction to operating costs when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to compensations for loss of income or are not towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Foreign currency translation

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

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

Where functional currencies of subsidiaries are different from AED, income and cash flow statements of subsidiaries are translated into UAE Dirhams at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange rates ruling at the end of reporting period. The resulting exchange differences are recognised in other comprehensive income.

Share of results of investments accounted for using the equity method are translated into UAE Dirhams at average exchange rates for the year whereas Emirates' share of net investments is translated at the exchange rate prevailing at the end of the reporting period. Translation differences relating to investments in associates, joint ventures and monetary assets and liabilities that form part of a net investment in a foreign operation are recognised in other comprehensive income. When investments in associates or joint ventures are disposed of, the translation differences recorded in equity are recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates prevailing at the end of reporting period.

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 operate and generate taxable income.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost consists of purchase cost, together with any incidental expenses of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Emirates and the cost can be measured reliably. Repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

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

The estimated useful lives and residual values are:

Aircraft – new	15 years (residual value 10%)
Aircraft – used	5 years (residual value 0%)
Aircraft engines and parts	5 - 15 years (residual value 0 - 10%)
Buildings	15 - 40 years
Other property, plant and equipment	3 - 20 years or over the lease term, if shorter

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

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

Capital projects are stated at cost. When the asset is ready for its intended use, it is transferred from capital projects to the appropriate category under property, plant and equipment and depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time the assets are substantially ready for their intended use. Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

All other borrowing costs are recognised as an expense when incurred.

Manufacturers' credits

Emirates receives credits from manufacturers in connection with the acquisition of certain aircraft and engines. Depending on their nature, these credits are either recorded as a reduction to the cost of the related aircraft and engines or reduced from ongoing operating expenses. Where the aircraft are held under operating leases, these credits are deferred and reduced from the operating lease rentals on a straight-line basis over the period of the related lease as deferred credits.

2. Summary of significant accounting policies (continued)

Finance and operating leases

Where property, plant and equipment have been financed by lease agreements under which substantially all of the risks and rewards incidental to ownership are transferred to Emirates, they are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The corresponding lease obligations are included under liabilities. Lease payments are treated as consisting of capital and interest elements. The interest element is charged to the consolidated income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Property, plant and equipment acquired under finance leases are depreciated in accordance with Emirates' policies.

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rental charges, including advance rentals in respect of operating leases, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

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

In the case of profits arising on sale and leaseback transactions resulting in finance leases, the excess of sale proceeds over the carrying amount is deferred and amortised over the lease term.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to change the provisions of the lease (without renewing it) in a way that it would have been classified differently at inception had the changed terms been in effect at that time. The revised agreement is considered as a new agreement and accounted for prospectively over the remaining term of the lease.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets at the date of acquisition.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash generating units or a group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised when the carrying value of the cash generating units or a group of cash generating units exceeds its recoverable amount. Impairment losses on goodwill are not reversed.

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

Other intangible assets

Intangible assets are capitalised at cost only when future economic benefits are probable. Cost includes the purchase price together with any directly attributable expenditure.

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

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

Service rights	15 years
Trade names	20 years
Contractual rights	15 years
Computer software	5 years

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

2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such amounts are initially recognised at fair value including transaction costs and carried at amortised cost using the effective interest method. The amounts are derecognised when rights to receive cash flows have expired or have been transferred along with substantially all the risks and rewards of ownership.

At the end of each reporting period, an assessment is made whether there is any objective evidence of impairment. Where necessary, the carrying amount is written down through the consolidated income statement to the present value of expected future cash flows discounted at the effective interest rate computed at initial recognition.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). Fair values are obtained from quoted market prices or dealer quotes for similar instruments, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Emirates' criteria to account for a derivative financial instrument as a hedge include:

- formal documentation of the hedging instruments, hedged items, hedging objective, strategy and basis of measuring effectiveness all of which are prepared prior to applying hedge accounting; and
- documentation showing that the hedge effectiveness is assessed on an ongoing basis and is determined to have been highly effective in offsetting the risk of the hedged item throughout the reporting period.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to the hedged risk are recognised in other comprehensive income. When the forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are re-classified and included in the initial carrying amount of the asset or liability. These gains and losses are ultimately recognised in the consolidated income statement in the same period during which the asset or liability affects profit or loss. In all other cases, amounts previously recognised in other comprehensive income are transferred to the consolidated income statement in the period during which the forecasted transaction affects the consolidated income statement and are presented in the same line item as the gains and losses from hedged items.

When a cash flow hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time is retained in equity and is ultimately recognised in the consolidated income statement when the forecasted transaction occurs. If a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The gain or loss on the ineffective portion is recognised in the consolidated income statement.

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

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on the weighted average cost basis with the exception of consumer goods inventory which is determined on a first-in-first-out basis.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Where there is objective evidence of amounts that are not collectible, a provision is made for the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

2. Summary of significant accounting policies (continued)

Borrowings

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

Provisions

Provisions are made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Provision for aircraft maintenance

Provision for aircraft related maintenance represents the estimate of the cost to meet the contractual return conditions on certain aircraft and engines held under operating leases. The present value of the expected cost is recognised during the lease term considering the existing fleet plan and long-term maintenance schedules.

Retirement benefit obligations

Emirates operates or participates in various end of service benefit plans, which are classified either as defined contribution or defined benefit plans.

A defined contribution plan is a pension scheme under which Emirates pays fixed contributions and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employees' service in the current and prior periods. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

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

Trade payables

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

Derecognition of financial assets and financial liabilities

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

Cash and cash equivalents

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Emirates' leadership team who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

Offsetting of financial assets and liabilities

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

Dividend distribution

Dividend distribution to Equity holders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

3. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements, a number of estimates and associated assumptions have been made relating to the application of accounting policies and reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following narrative addresses the accounting policies that require subjective and complex judgements, often as a result of the need to make estimates.

Depreciation of property, plant and equipment

Management assigns useful lives and residual values to property, plant and equipment based on the intended use of assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management has reviewed the residual values and useful lives of major items of property, plant and equipment and determined that no significant adjustments are required.

Provision for aircraft maintenance

The measurement of the provision for aircraft maintenance return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by Emirates. A significant level of judgement is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision. No reasonably possible change in any single assumption will result in a material change to the provision.

Valuation of defined benefit obligations

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

Frequent flyer programme

Emirates accounts for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted as a liability (deferred revenue) in the consolidated statement of financial position.

Estimation techniques are used to determine the fair value of mile credits and reflect the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards using historical trends. Adjustments to the fair value of miles are also made for miles not expected to be redeemed by members and the extent to which the demand for an award cannot be met for the dates requested.

A level of judgement is exercised by management due to the diversity of inputs that go into determining the fair value of miles. No reasonably possible change in any single assumption will result in a material change to the deferred revenue.

Finance and operating leases

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

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

4. Fair value estimation

The levels of fair value hierarchy are defined as follows:

Level 1: Measurement is made by using quoted prices (unadjusted) from an active market.
Level 2: Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.
Level 3: Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

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

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

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

5. Revenue

	2016	2015
	AED m	AED m
Passenger	68,029	70,013
Cargo	11,140	12,298
Consumer goods	1,462	1,401
Hotel operations	700	693
In-flight catering	680	637
Food and beverage	531	512
Excess baggage	413	436
Others	545	738
	83,500	**86,728**

6. Other operating income

Other operating income comprises AED 361 m (2015: AED 1,063 m) from liquidated damages and other compensation received in connection with aircraft, AED 448 m (2015: AED 224 m) being the gain on sale and leaseback of aircraft, aircraft engines and parts, and income of AED 735 m (2015: AED 804 m) from ancilliary services and activities incidental to Emirates' operations.

7. Operating costs

	2016	2015
	AED m	AED m
Jet fuel	19,731	28,690
Employee (see (a) below)	12,452	11,851
Aircraft operating leases	8,085	6,920
Depreciation and amortisation (Notes 11 & 12)	8,000	7,446
Sales and marketing	5,893	6,098
Handling	5,646	5,094
In-flight catering and other operating costs	4,114	3,883
Overflying	2,711	2,648
Aircraft maintenance	2,513	2,527
Facilities and IT related costs (see (b) below)	2,347	2,240
Landing and parking	1,992	1,761
Cost of goods sold	1,335	1,260
Corporate overheads (see (c) below)	1,895	2,508
	76,714	**82,926**

(a) Employee costs include AED 733 m (2015: AED 669 m) in respect of post-employment benefits (Note 25).

(b) Facilities and IT related costs include non-aircraft operating lease charges amounting to AED 665 m (2015: AED 663 m).

(c) Corporate overheads include a net foreign exchange loss of AED 5 m (2015: AED 721 m).

8. Finance income and costs

	2016	2015
	AED m	AED m
Finance income		
Interest income on short term bank deposits	151	149
Finance income from related parties (Note 37)	69	26
	220	**175**
Finance costs		
Aircraft finance lease costs	(934)	(953)
Interest charges on bonds and term loans	(285)	(340)
Other finance costs - net	(110)	(156)
	(1,329)	**(1,449)**

9. Income tax expense

	2016	2015
	AED m	AED m
The components of income tax expense are:		
Current tax expense	44	50
Deferred tax debit / (credit) (Note 29)	1	(7)
	45	**43**

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

10. Segment information

Emirates' leadership team monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. The airline business unit, which provides commercial air transportation including passenger and cargo services, is the main reportable segment. In-flight catering is another reportable segment which provides in-flight and institutional catering services.

Other segments include wholesale and retail of consumer goods, food and beverage operations and hotel operations. As none of these segments meet the quantitative thresholds for determining reportable segments under IFRS 8, Operating segments, these are categorised as "all other segments".

The performance of the airline, in-flight catering and other segments is evaluated based on net profit or loss and is measured consistently with profit for the year in the consolidated financial statements.

Segment revenue is measured in a manner consistent with that in the consolidated income statement, with the exception of notional revenues and costs in the airline segment arising from the usage of transportation services e.g. leave passage of staff and duty travel of staff and consultants that are eliminated when preparing the consolidated financial statements. This adjustment is presented as a reconciling item. The breakdown of revenue from external customers by nature of business activity is provided in Note 5.

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

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

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

10. Segment information (continued)

The segment information for the year ended 31 March 2015 is as follows:

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

Geographical information

	2016 AED m	2015 AED m
Revenue from external customers:		
Europe	24,022	25,157
East Asia and Australasia	22,399	24,611
Americas	12,011	11,033
Africa	9,071	9,363
Gulf and Middle East	8,396	8,614
West Asia and Indian Ocean	7,601	7,950
	83,500	**86,728**

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

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

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

11. Property, plant and equipment

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

11. Property, plant and equipment (continued)

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

The net book amount of property, plant and equipment includes AED 48,472 m (2015: AED 43,376 m) in respect of assets held under finance leases.

The net book amount of aircraft includes an amount of AED 2,369 m (2015: AED 1,900 m) in respect of assets provided as security against term loans.

Land of AED 630 m (2015: AED 499 m) is carried at cost and is not depreciated.

Property, plant and equipment includes interest capitalised during the year amounting to AED 235 m (2015: AED 172 m). The interest on general borrowings for qualifying assets was capitalised using an annual weighted average capitalisation rate of 4.9% (2015: 4.9%).

Capital projects include pre-delivery payments of AED 8,529 m (2015: AED 8,340 m) in respect of aircraft due for delivery between 2016 and 2028 (Note 32).

12. Intangible assets

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

12. Intangible assets (continued)

	Goodwill	Service rights	Trade names	Contractual rights	Computer software	Total
	AED m	AED m	AED m	AED m	AED m	AED m
Cost						
1 April 2015	563	162	19	20	951	1,715
Additions	-	70	-	-	304	374
Disposals / write off	-	-	-	-	(29)	(29)
Acquisition (Note 13)	41	-	-	36	-	77
31 March 2016	**604**	**232**	**19**	**56**	**1,226**	**2,137**
Amortisation and impairment						
1 April 2015	7	109	5	8	611	740
Amortisation for the year	-	11	1	3	85	100
Disposals / write off	-	-	-	-	(20)	(20)
31 March 2016	**7**	**120**	**6**	**11**	**676**	**820**
Net book value						
31 March 2016	**597**	**112**	**13**	**45**	**550**	**1,317**

Computer software includes an amount of AED 280 m (2015: AED 138 m) in respect of projects under implementation.

For the purpose of testing goodwill impairment, the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three year period. Cash flows beyond the three year period have been extrapolated using the terminal growth rates. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate of 12% (2015: 12%), gross margins consistent with historical trends and growth rates based on management's expectations for market development. The long term growth rate does not exceed the long term average growth rate for the markets in which the cash generating units operate. Any reasonably possible changes to the assumptions will not lead to an impairment. The goodwill allocated to the cash generating unit or group of cash generating units is as follows:

Cash generating unit	Location	Reportable segment	Goodwill 2016	Goodwill 2015
			AED m	AED m
Consumer goods	UAE	Others	200	159
In-flight catering	UAE	In-flight catering	369	369
Food and beverage	UAE	Others	25	25
Food and beverage	Australia	Others	3	3
			597	**556**

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

13. Investments in subsidiaries, associates and joint ventures

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

On 30 November 2015, Maritime & Mercantile International L.L.C., a subsidiary of Emirates, obtained control of Oman United Agencies L.L.C. (an associate) by increasing its stake to 70%. The additional equity interest of 20% was acquired for a purchase consideration of AED 29 m. At the date of acquisition, a non-controlling interest of AED 21 m was recognised along with contractual rights of AED 36 m and a deferred tax liability of AED 4 m. Goodwill of AED 41 m was also recorded as the difference between purchase consideration and fair value of the identifiable assets and liabilities.

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

Principal joint ventures				
Emirates-CAE Flight Training L.L.C.	50.0	51.0	Flight simulator training	UAE
Premier Inn Hotels L.L.C.	51.0	51.0	Hotel operations	UAE
CAE Flight Training (India) Private Ltd.	50.0	50.0	Flight simulator training	India
CAE Middle East Holdings Limited	50.0	50.0	Flight simulator training	UAE
Independent Wine and Spirit (Thailand) Company Limited	49.0	49.0	Wholesale and retail of consumer goods	Thailand

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

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

Movement of investments accounted for using the equity method

	2016 AED m	2015 AED m
Balance brought forward	**544**	**495**
Investments during the year	19	12
Share of results	142	152
Dividends	(128)	(115)
Currency translation differences	(2)	-
Disposal during the year	(53)	-
Balance carried forward	**522**	**544**

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

	2016 AED m	2015 AED m
Share of results of associates	99	92
Share of total comprehensive income of associates	**99**	**92**
Aggregate carrying value of investments in associates	**49**	**95**

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

	2016 AED m	2015 AED m
Share of results of joint ventures	43	60
Share of other comprehensive income of joint ventures	(2)	-
Share of total comprehensive income of joint ventures	**41**	**60**
Aggregate carrying value of investments in joint ventures	**473**	**449**

14. Advance lease rentals

	2016 AED m	2015 AED m
Balance brought forward	**1,082**	**970**
Additions during the year	2,029	292
Charge for the year	(225)	(180)
Balance carried forward	**2,886**	**1,082**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 17)	**306**	**162**
Total over one year	**2,580**	**920**

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

Advance lease rentals include AED 354 m (2015: AED 393 m) related to a company under common control.

15. Loans and other receivables

	2016 AED m	2015 AED m
Related parties (Note 37)	16	26
Other receivables	321	414
	337	**440**
Prepayments	157	179
	494	**619**

The amounts (excluding prepayments) are receivable as follows:

	2016 AED m	2015 AED m
Between 2 and 5 years	337	440
	337	**440**

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

	2016 AED m	2015 AED m
UAE Dirhams	80	70
US Dollars	245	354
Others	12	16

The fair value of loans and other receivables (excluding prepayments) amounts to AED 336 m (2015: AED 440 m). Fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturity and currencies based on credit spreads applicable at the end of each reporting period. The fair value of loans and other receivables falls into level 2 of the fair value hierarchy.

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

16. Inventories

	2016 AED m	2015 AED m
Engineering	660	640
In-flight consumables	885	741
Consumer goods	405	388
Others	156	150
	2,106	**1,919**

In-flight consumables include AED 472 m (2015: AED 382 m) relating to items which are not expected to be consumed within twelve months after the reporting period.

17. Trade and other receivables

	2016 AED m	2015 AED m
Trade receivables - net of provision	4,480	4,927
Related parties (Note 37)	268	506
Prepayments	2,289	1,878
Advance lease rentals (Note 14)	306	162
Operating lease and other deposits	805	681
Other receivables	1,667	1,054
	9,815	**9,208**
Less: Receivables over one year (Note 15)	(494)	(619)
	9,321	**8,589**

Prepayments include an amount of AED 50 m (2015: AED 48 m) paid to companies under common control.

The carrying amount of trade and other receivables approximate their fair value which falls into level 2 of the fair value hierarchy.

17. Trade and other receivables (continued)

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

	2016 AED m	2015 AED m
Balance brought forward	**97**	**103**
Charge for the year	51	55
Unused amounts reversed	(30)	(23)
Amounts written off as uncollectible	(13)	(28)
Currency translation differences	(1)	(10)
Balance carried forward	**104**	**97**

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

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

The maximum exposure to credit risk of trade and other receivables at the reporting date is the carrying value of each class of receivable (excluding prepayments and advance lease rentals).

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

	2016 AED m	2015 AED m
Below 3 months	309	248
3-6 months	23	20
Above 6 months	19	5
	351	**273**

18. Capital

Capital represents the permanent capital of Emirates.

19. Other reserves

	Cash flow hedge reserve	Translation reserve	Total
	AED m	AED m	AED m
1 April 2014	**(682)**	**48**	**(634)**
Currency translation differences	-	(45)	(45)
Net gain on fair value of cash flow hedges	427	-	427
Transferred to the consolidated income statement	84	-	84
31 March 2015	**(171)**	**3**	**(168)**
Currency translation differences	-	1	1
Net loss on fair value of cash flow hedges	(1,111)	-	(1,111)
Share of other equity movement of investment accounted for using the equity method	-	(2)	(2)
Transferred to the consolidated income statement	101	-	101
31 March 2016	**(1,181)**	**2**	**(1,179)**

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

	2016	2015
	AED m	AED m
Revenue	357	248
Operating costs	(238)	(7)
Finance costs	(220)	(325)
	(101)	**(84)**

20. Borrowings and lease liabilities

	2016 AED m	2015 AED m
Non-current		
Bonds (Note 21)	4,167	8,842
Term loans (Note 22)	2,659	1,740
Lease liabilities (Note 23)	34,019	31,844
	40,845	**42,426**
Current		
Bonds (Note 21)	4,685	604
Term loans (Note 22)	277	1,091
Lease liabilities (Note 23)	4,298	3,683
Bank overdrafts (Note 33)	-	4
	9,260	**5,382**
	50,105	**47,808**
Borrowings and lease liabilities are denominated in the following currencies:		
US Dollars	45,957	43,088
UAE Dirhams	3,741	4,320
Singapore Dollars	407	400

The effective interest rate per annum on lease liabilities was 2.6% (2015: 2.9%), term loans was 3.6% (2015: 3.8%) and bonds was 4.7% (2015: 4.7%).

21. Bonds

	2016 AED m	2015 AED m
Balance brought forward	**9,481**	**9,997**
Repayments during the year	(610)	(479)
Currency translation differences	7	(37)
Balance carried forward	**8,878**	**9,481**
Less: Transaction costs	(26)	(35)
	8,852	**9,446**
Bonds are repayable as follows:		
Within one year (Note 20)	**4,685**	**604**
Between 2 and 5 years	2,427	6,494
After 5 years	1,740	2,348
Total over one year (Note 20)	**4,167**	**8,842**
Bonds are denominated in the following currencies:		
Fixed interest rate bonds		
US Dollars	8,471	9,081
Singapore Dollars	407	400
	8,878	**9,481**
Less: Transaction costs	(26)	(35)
	8,852	**9,446**
The fair values of the bonds are as follows:		
US Dollars	8,536	9,254
Singapore Dollars	410	402
	8,946	**9,656**

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

22. Term loans

	2016 AED m	2015 AED m
Balance brought forward	**2,845**	**773**
Additions during the year	1,213	2,215
Repayments during the year	(1,093)	(143)
Balance carried forward	**2,965**	**2,845**
Less: Transaction costs	(29)	(14)
	2,936	**2,831**
Loans are repayable as follows:		
Within one year (Note 20)	**277**	**1,091**
Between 2 and 5 years	1,780	982
After 5 years	879	758
Total over one year (Note 20)	**2,659**	**1,740**
Loans are denominated in the following currencies:		
US Dollars	2,461	1,436
UAE Dirhams	475	1,395

Contractual repricing dates are set at three to six month intervals. Term loans amounting to AED 1,884 m (2015: AED 1,450 m) are secured on aircraft.

The fair value of the term loans amounts to AED 2,982 m (2015: AED 2,973 m). The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread. The fair value of the term loans falls into level 2 of the fair value hierarchy.

23. Lease liabilities

Finance leases

	2016 AED m	2015 AED m
Gross lease liabilities:		
Within one year	5,323	4,607
Between 2 and 5 years	21,866	18,868
After 5 years	17,257	18,347
	44,446	**41,822**
Future interest	(6,129)	(6,295)
Present value of finance lease liabilities	**38,317**	**35,527**
The present value of finance lease liabilities is repayable as follows:		
Within one year (Note 20)	**4,298**	**3,683**
Between 2 and 5 years	18,453	15,375
After 5 years	15,566	16,469
Total over one year (Note 20)	**34,019**	**31,844**
The present value of finance lease liabilities are denominated in the following currencies:		
US Dollars	35,051	32,606
UAE Dirhams	3,266	2,921

Lease liabilities amounting to AED 37,277 m (2015: AED 35,036 m) are secured on the related aircraft and aircraft engines.

The fair value of lease liabilities amounts to AED 38,709 m (2015: AED 36,171 m). The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread. The fair value of lease liabilities falls into level 2 of the fair value hierarchy.

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

23. Lease liabilities (continued)

Operating leases

	2016 AED m	2015 AED m
Future minimum lease payments are as follows:		
Aircraft fleet	66,403	48,466
Others	2,242	2,008
	68,645	**50,474**
Within one year	9,472	7,951
Between 2 and 5 years	31,898	24,830
After 5 years	27,275	17,693
	68,645	**50,474**

The future minimum lease payments include AED 6,955 m (2015: AED 6,989 m) related to a company under common control. Such payments are on normal commercial terms.

Emirates is entitled to extend certain aircraft leases for a further period of one to six years at the end of the initial lease period.

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

24. Provisions

	2016 AED m	2015 AED m
Retirement benefit obligations (Note 25)	1,464	1,325
Provision for aircraft maintenance (Note 26)	2,298	2,264
	3,762	**3,589**

25. Retirement benefit obligations

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 March 2016 in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 4.5% (2015: 4.5%) and a discount rate of 4.0% (2015: 4.0%) per annum. The present values of the defined benefit obligations at 31 March 2016 were computed using the actuarial assumptions set out above.

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

	2016 AED m	2015 AED m
Funded scheme		
Present value of defined benefit obligations	2,074	2,010
Less: Fair value of plan assets	(2,037)	(1,976)
	37	**34**
Unfunded scheme		
Present value of defined benefit obligations	**1,427**	**1,291**
Liability recognised in the consolidated statement of financial position	**1,464**	**1,325**

(i) Funded scheme

Senior employees based in the UAE participate in a defined benefit provident scheme to which Emirates contributes a specified percentage of basic salary based upon the employee's grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a monthly basis irrespective of fund performance and are not pooled, but are separately identifiable and attributable to each participant. The fund comprises a diverse mix of managed funds and investment decisions are controlled directly by the participating employees.

Benefits receivable under the provident scheme are subject to vesting rules, which are dependent upon a participating employee's length of service. If at the time an employee leaves employment, the accumulated vested amount, including investment returns, is less than the end of service benefits that would have been payable to that employee under relevant local regulations, Emirates pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives either seventy five or one hundred percent of their fund balance depending on their length of service. Vested assets of the scheme are not available to Emirates or its creditors in any circumstances.

The liability of AED 37 m (2015: AED 34 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:

	2016 AED m	2015 AED m
Balance brought forward	**1,976**	**1,774**
Contributions received	288	267
Benefits paid	(153)	(117)
Change in fair value	(74)	52
Balance carried forward	**2,037**	**1,976**

25. Retirement benefit obligations (continued)

Contributions received include the transfer of accumulated benefits from unfunded schemes. Emirates expects to contribute approximately AED 285 m for existing plan members during the year ending 31 March 2017.

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:

	2016 AED m	2015 AED m
Balance brought forward	**1,291**	**1,033**
Current service cost	193	141
Interest cost	55	51
Remeasurement		
- changes in experience / demographic assumptions	(9)	12
- changes in financial assumptions	-	130
Payments made during the year	(103)	(76)
Balance carried forward	**1,427**	**1,291**

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

(iii) Defined contribution plans

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

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

	2016 AED m	2015 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	274	258
Net change in the present value of defined benefit obligations over plan assets	3	19
	277	**277**
Unfunded scheme		
Current service cost	193	141
Interest cost	55	51
	248	**192**
Defined contribution plan		
Contributions expensed	208	200
Recognised in the consolidated income statement	**733**	**669**

25. Retirement benefit obligations (continued)

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

Assumption	**Change**	**Effect on unfunded scheme** AED m
Discount rate	+ 0.5%	(92)
	- 0.5%	105
Expected salary increases	+ 0.5%	101
	- 0.5%	(92)

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 16 years (2015: 17 years).

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

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

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

26. Provision for aircraft maintenance

Movements in the provision for aircraft maintenance are as follows:

	2016 AED m	**2015** AED m
Balance brought forward	**2,316**	**1,802**
Charge for the year	767	608
Unwinding of discount - net	82	134
Utilised on return of aircraft	(62)	(198)
Unutilised amounts reversed	(300)	(30)
Balance carried forward	**2,803**	**2,316**
The provision is expected to be used as follows:		
Within one year (Note 30)	**505**	**52**
Over one year (Note 24)	**2,298**	**2,264**

27. Deferred revenue

	2016 AED m	**2015** AED m
Balance brought forward	**2,894**	**2,667**
Additions during the year	1,776	1,839
Recognised during the year	(1,758)	(1,612)
Balance carried forward	**2,912**	**2,894**
Deferred revenue is expected to be recognised as follows:		
Within one year	**1,316**	**1,244**
Over one year	**1,596**	**1,650**

Deferred revenue relates to the frequent flyer programme and represents the fair value of outstanding award credits. Revenue is recognised when Emirates fulfils its obligations by supplying free or discounted goods or services on the redemption of the award credits.

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

28. Deferred credits

	2016 AED m	2015 AED m
Balance brought forward	**256**	**300**
Additions during the year	1,041	46
Recognised during the year	(68)	(90)
Balance carried forward	**1,229**	**256**
Deferred credits will be recognised as follows:		
Within one year	**139**	**49**
Over one year	**1,090**	**207**

29. Deferred income tax

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

	2016 AED m	2015 AED m
Balance brought forward	**4**	**(2)**
(Debited) / credited to the consolidated income statement (Note 9)	(1)	7
Currency translation differences	-	(1)
Acquisition (Note 13)	(4)	-
Balance carried forward	**(1)**	**4**

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 473 m (2015: AED 1,003 m).

30. Trade and other payables

	2016 AED m	2015 AED m
Trade payables and accruals	13,497	13,617
Related parties (Note 37)	497	644
Passenger and cargo sales in advance	10,951	11,559
Provision for aircraft maintenance (Note 26)	505	52
Dividend payable	2,100	2,100
	27,550	**27,972**
Less: Payables over one year	(513)	(202)
	27,037	**27,770**

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

31. Guarantees

	2016 AED m	2015 AED m
Performance bonds and letters of credit provided by banks in the normal course of business	371	404

Performance bonds and letters of credit include AED 124 m (2015: AED 125 m) provided by companies under common control on normal commercial terms.

32. Commitments

Capital commitments

	2016 AED m	2015 AED m
Authorised and contracted:		
Aircraft	236,375	254,464
Non-aircraft	3,107	4,439
Joint ventures	38	72
	239,520	**258,975**
Authorised but not contracted:		
Non-aircraft	3,553	3,124
Joint ventures	79	85
	3,632	**3,209**
	243,152	**262,184**

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

Financial year	**Aircraft**
2016-17	36
Beyond 2016-17	218

In addition, purchase options are held on 70 Boeing aircraft.

In the event that delivery of certain aircraft are not taken, penalties are payable by Emirates to the extent of AED 2,079 m (2015: AED 1,712 m).

Operational commitments

	2016 AED m	2015 AED m
Sales and marketing	2,809	2,154

33. Short term bank deposits and cash and cash equivalents

	2016 AED m	2015 AED m
Bank deposits	13,939	13,921
Cash and bank	6,049	2,964
Cash and bank balances	**19,988**	**16,885**
Less: Short term bank deposits - over 3 months	(7,823)	(8,488)
Cash and cash equivalents as per the consolidated statement of financial position	**12,165**	**8,397**
Bank overdraft (Note 20)	-	(4)
Cash and cash equivalents as per the consolidated statement of cash flows	**12,165**	**8,393**

Cash and bank balances earned an effective interest rate of 2.2% (2015: 1.5%) per annum.

Cash and bank balances include AED 11,188 m (2015: AED 5,252 m) held with companies under common control.

34. Cash outflow on property, plant and equipment

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

	2016 AED m	2015 AED m
Payments for property, plant and equipment	16,349	19,716
Less: Assets acquired under finance leases	(6,845)	(9,447)
	9,504	**10,269**

35. Derivative financial instruments

Description	2016		2015	
	Term	AED m	Term	AED m
Cash flow hedge				
Non-current assets				
Currency swaps and forwards		-	2015-2017	21
		-		**21**
Current assets				
Currency swaps and forwards		12		342
		12		**342**
Cash flow hedge				
Non-current liabilities				
Interest rate swaps	2016-2023	(440)	2015-2023	(521)
		(440)		**(521)**
Current liabilities				
Currency swaps and forwards		(176)		(2)
Jet fuel swaps		(561)		-
		(737)		**(2)**

The notional principal amounts outstanding are:

	2016	2015
	AED m	AED m
Interest rate contracts	6,957	8,134
Currency contracts	5,090	4,889
Jet fuel price contracts	1,528	-

The notional principal amounts outstanding include AED 1,973 m (2015: AED 2,448 m) against derivatives entered with companies under common control.

The full fair value of the derivative instrument is classified as non-current if the remaining maturity of the hedged item is more than 12 months as at the end of the reporting period.

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

36. Classification of financial instruments

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

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

36. Classification of financial instruments (continued)

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

37. Related party transactions and balances

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

Emirates and dnata share central corporate functions such as information technology, facilities, human resources, finance, treasury, cash management, legal and other functions. Where such functions are shared, the costs are allocated between Emirates and dnata based on activity levels.

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

	2016 AED m	2015 AED m
Trading transactions:		
(i) Sale of goods and services		
Sale of goods - Associates	57	61
Sale of goods - Companies under common control	229	162
Sale of goods - Joint ventures	15	22
Services rendered - Companies under common control	685	298
Services rendered - Joint ventures	20	12
Frequent flyer miles sales - Companies under common control	280	266
	1,286	**821**
(ii) Purchase of goods and services		
Purchase of goods - Associates	267	225
Purchase of goods - Companies under common control	4,358	5,800
Purchase of goods - Joint ventures	-	3
Services received - Companies under common control	3,076	3,556
Services received - Joint ventures	9	15
	7,710	**9,599**

	2016 AED m	2015 AED m
Other transactions:		
(i) Finance income		
Joint ventures	3	4
Companies under common control	66	22
	69	**26**
(ii) Compensation to key management personnel		
Salaries and short term employee benefits	142	176
Post-employment benefits	14	15
Termination benefits	-	3
	156	**194**
(iii) Purchase of assets		
Company under common control	40	40

Effective 1 April 15, Emirates transferred its destination and leisure management business to dnata for a consideration equal to the carrying value of assets and liabilities transferred.

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

37. Related party transactions and balances (continued)

	2016	2015
	AED m	AED m
Year end balances		
(i) Receivables - sale of goods and services		
Associates	16	39
Joint ventures	10	21
Companies under common control	143	53
	169	**113**

	2016	2015
(ii) Receivables - other transactions		
Joint ventures	-	1
Companies under common control	65	117
	65	**118**
Receivable within one year	**65**	**118**

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.

	2016	2015
(iii) Payables - purchase of goods and services (Note 30)		
Associates	11	46
Companies under common control	486	598
	497	**644**

	2016	2015
	AED m	AED m
(iv) Loans receivable		
Joint ventures	26	45
Companies under common control	-	222
	26	**267**
Movement in the loans were as follows:		
Balance brought forward	**267**	**503**
Additions during the year	-	196
Repayments during the year	(240)	(431)
Currency translation differences	(1)	(1)
Balance carried forward	**26**	**267**
Receivable within one year	**14**	**246**
Receivable over one year (Note 15)	**12**	**21**

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

	2016	2015
(v) Loans and advances to key management personnel		
Balance brought forward	**8**	**6**
Additions during the year	7	9
Repayments during the year	(7)	(7)
Balance carried forward	**8**	**8**
Receivable within one year	**4**	**3**
Receivable over one year (Note 15)	**4**	**5**

38. Financial risk management

Financial risk factors

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

Emirates' risk management procedures are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information. Emirates regularly reviews its risk management procedures and systems to reflect changes in markets, products and emerging best practice. Emirates uses derivative financial instruments to hedge certain risk exposures.

A risk management programme is carried out under guidelines that are approved by a steering group comprising senior management. Identification, evaluation and hedging financial risks is done in close cooperation with the operating units. Senior management is also responsible for the review of risk management and the control environment. The various financial risk elements are discussed below.

(i) Credit risk

Emirates is exposed to credit risk, which is the risk that a counterparty will cause a financial loss to Emirates by failing to discharge an obligation. Financial assets that potentially subject Emirates to credit risk consist principally of deposits with banks and other financial institutions, derivative counterparties as well as receivables from agents selling commercial air transportation. Emirates uses external ratings such as Standard & Poor's and Moody's or their equivalent in order to measure and monitor its credit risk exposures to financial institutions. In the absence of independent ratings, credit quality is assessed based on the counterparty's financial position, past experience and other factors.

Emirates manages limits and controls concentrations of risk wherever they are identified. In the normal course of business, Emirates places significant deposits with high credit quality banks and financial institutions. Transactions with derivative counterparties are similarly limited to high credit quality financial institutions. Exposure to credit risk is also managed through regular analysis of the ability of counterparties and potential counterparties to meet their obligations and by changing their limits where appropriate. Approximately 82% (2015: 76%) of cash and bank balances are held with financial institutions based in the UAE.

The sale of passenger and cargo transportation is largely achieved through International Air Transport Association (IATA) approved sales agents and online sales. All IATA agents have to meet a minimum financial criteria applicable to their country of operation to remain accredited. Adherence to the financial criteria is monitored on an ongoing basis by IATA through their Agency Programme. The credit risk associated with such sales agents is relatively small owing to a broad diversification.

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

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

	2016	**2015**
	AED m	AED m
AA- to AA+	288	292
A- to A+	6,233	8,994
BBB+	12,422	7,169

38. Financial risk management (continued)

(ii) Market risk

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

Jet fuel price risk

Emirates is exposed to volatility in the price of jet fuel and closely monitors the actual cost against the forecast cost. To manage the price risk, Emirates considers the use of commodity futures, 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 and borrowing activities. Long term debt obligations are mainly denominated in UAE Dirhams or in US Dollars to which the UAE Dirham is pegged. Currency exposure exists on the Singapore Dollar bond, the summarised quantitative data for which is available in Note 21. Senior management monitors currency positions on a regular basis.

Emirates is in a net payer position with respect to the US Dollar and in a net surplus position for other currencies. Currency surpluses are converted to US Dollar and UAE Dirham funds. Currency risks arise mainly from Emirates' revenue earning activities in Euro, Pound Sterling, Australian Dollar, Indian Rupee, Chinese Yuan, Swiss Franc, South African Rand and Japanese Yen. Currency risks are hedged using forwards and options, as appropriate, as well as by way of a natural hedge between foreign currency inflows and outflows.

Emirates is also subject to the risk that countries in which it may earn revenues may impose restrictions or prohibition on the export of those revenues. Emirates seeks to minimise this risk by repatriating surplus funds to the UAE on a monthly basis. Cash and cash equivalents for the current year include AED 338 m (2015: AED 516 m) held in countries where exchange controls and other restrictions apply.

Interest rate risk

Emirates is exposed to the effects of fluctuations in the prevailing levels of interest rates on borrowings and investments. Exposure arises from interest rate fluctuations in the international financial markets with respect to interest cost on its long term debt obligations, operating lease rentals and interest income on its cash surpluses. The key reference rates based on which interest costs are determined are LIBOR, EIBOR for UAE Dirhams and SIBOR for Singapore Dollars. Summarised quantitative data is available in Note 20 for interest cost exposures.

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

Sensitivity analysis of market risk

The following sensitivity analysis, relating to existing financial instruments, shows how profit and equity would change if the market risk variables had been different at the end of the reporting period with all other variables held constant and has been computed on the basis of assumptions and indices used and considered by other market participants.

	2016		**2015**	
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
	AED m	AED m	AED m	AED m
Interest cost				
- 25 basis points				
UAE Dirhams	7	7	6	6
US Dollars	52	(1)	50	(23)
	59	**6**	**56**	**(17)**
+ 25 basis points				
UAE Dirhams	(7)	(7)	(6)	(6)
US Dollars	(52)	1	(50)	23
	(59)	**(6)**	**(56)**	**17**

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

38. Financial risk management (continued)

	2016		2015	
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
	AED m	AED m	AED m	AED m
Interest income				
- 25 basis points	(7)	(7)	(13)	(13)
+ 25 basis points	7	7	13	13
Currency - Pounds Sterling				
+ 1%	-	(1)	2	(8)
- 1%	-	1	(2)	8
Currency - Euro				
+ 1%	4	(20)	3	(20)
- 1%	(4)	20	(3)	20
Currency - Australian Dollars				
+ 1%	1	(12)	1	(1)
- 1%	(1)	12	(1)	1
Currency - Japanese Yen				
+ 1%	-	(2)	-	(2)
- 1%	-	2	-	2
Currency - Singapore Dollars				
+ 1%	(4)	(4)	(4)	(4)
- 1%	4	4	4	4
Fuel price				
+ USD 5 on price	-	191	-	-
- USD 5 on price	-	(194)	-	-

(iii) Liquidity risk

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

Emirates' liquidity management process as monitored by senior management, includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature.
- Maintaining rolling forecasts of Emirates' liquidity position on the basis of expected cash flows.
- Monitoring liquidity ratios against internal standards.
- Maintaining debt financing plans.
- Maintaining diversified credit lines including stand-by credit facility arrangements.

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

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

38. Financial risk management (continued)

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

	Less than 1 year	2 - 5 years	Over 5 years	Total
	AED m	AED m	AED m	AED m
2016				
Borrowings and lease liabilities	10,675	26,704	20,166	57,545
Derivative financial instruments	995	283	4	1,282
Provision for maintenance	519	1,732	1,319	3,570
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	15,581	513	-	16,094
	27,770	**29,232**	**21,489**	**78,491**
2015				
Borrowings and lease liabilities	6,819	27,240	21,747	55,806
Derivative financial instruments	224	289	13	526
Provision for maintenance	57	2,026	935	3,018
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	16,159	202	-	16,361
	23,259	**29,757**	**22,695**	**75,711**

39. Capital management

Emirates' objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for its Owner and to maintain an optimal capital structure to reduce the cost of capital.

Emirates monitors the return on Owner's equity, which is defined as the profit attributable to the Owner expressed as a percentage of average Owner's equity. Emirates seeks to provide a better return to the Owner by borrowing and taking aircraft on operating leases to meet its growth plans. In 2016, Emirates achieved a return on Owner's equity funds of 23.8% (2015: 17.2%).

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 2016, this ratio is 92.9% (2015: 109.3%) and if aircraft operating leases are included, the ratio is 215.9% (2015: 212.1%).

Independent Auditor's Report to the Owner of dnata

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of dnata and its subsidiaries (together referred to as "dnata"), which comprise the consolidated statement of financial position as of 31 March 2016 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of dnata as of 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
8 May 2016

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

Consolidated Income Statement for the year ended 31 March 2016

	Note	2016	2015
		AED m	AED m
Revenue	5	10,422	8,741
Other operating income		208	419
Operating costs	6	(9,569)	(8,155)
Operating profit		**1,061**	**1,005**
Finance income		48	34
Finance costs		(36)	(39)
Share of results of investments accounted for using the equity method	10	83	4
Profit before income tax		**1,156**	**1,004**
Income tax expense	7	(66)	(70)
Profit for the year		**1,090**	**934**
Profit attributable to non-controlling interests		36	28
Profit attributable to dnata's Owner		**1,054**	**906**

Consolidated Statement of Comprehensive Income for the year ended 31 March 2016

Profit for the year		**1,090**	**934**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations net of deferred tax		30	(89)
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	10	(48)	(25)
Items that are or may be reclassified subsequently to the consolidated income statement			
Currency translation differences		10	(306)
Cash flow hedges		2	11
Net investment hedge	21	-	14
Share of other comprehensive income of investment accounted for using the equity method net of deferred tax	10	3	(1)
Other comprehensive income		**(3)**	**(396)**
Total comprehensive income for the year		**1,087**	**538**
Total comprehensive income attributable to non-controlling interests		42	25
Total comprehensive income attributable to dnata's Owner		**1,045**	**513**

Notes 1 to 35 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position as at 31 March 2016

	Note	2016	2015
		AED m	AED m
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,697	1,481
Intangible assets	9	2,288	2,123
Investments accounted for using the equity method	10	385	424
Advance lease rentals	11	22	22
Deferred income tax assets	23	60	70
Deposits and other receivables	13	138	99
		4,590	**4,219**
Current assets			
Inventories	12	95	93
Trade and other receivables	13	2,784	2,186
Derivative financial instruments	28	39	-
Income tax asset		5	-
Short term bank deposits	27	2,130	1,551
Cash and cash equivalents	27	1,335	1,597
		6,388	**5,427**
Total assets		**10,978**	**9,646**

	Note	2016	2015
		AED m	AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	14	63	63
Capital reserve		(67)	(24)
Other reserves	15	(216)	(223)
Retained earnings		5,607	4,972
Attributable to dnata's Owner		**5,387**	**4,788**
Non-controlling interests		167	65
Total equity		**5,554**	**4,853**
Non-current liabilities			
Trade and other payables	16	218	161
Borrowings and lease liabilities	20	400	309
Deferred income tax liabilities	23	94	116
Provisions	17	650	627
		1,362	**1,213**
Current liabilities			
Trade and other payables	16	3,753	3,075
Income tax liabilities		42	22
Borrowings and lease liabilities	20	258	469
Derivative financial instruments	28	-	9
Provisions	17	9	5
		4,062	**3,580**
Total liabilities		**5,424**	**4,793**
Total equity and liabilities		**10,978**	**9,646**

The consolidated financial statements were approved on 8 May 2016 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Gary Chapman
President

Notes 1 to 35 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 March 2016

	Note	Attributable to dnata's Owner						
		Capital	**Capital reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		AED m	AED m	AED m	AED m	AED m	AED m	AED m
1 April 2014		**63**	**(24)**	**55**	**4,580**	**4,674**	**82**	**4,756**
Profit for the year		-	-	-	906	906	28	934
Other comprehensive income for the year		-	-	(279)	(114)	(393)	(3)	(396)
Total comprehensive income for the year		**-**	**-**	**(279)**	**792**	**513**	**25**	**538**
Dividends		-	-	-	(400)	(400)	(42)	(442)
Transactions with Owners		**-**	**-**	**-**	**(400)**	**(400)**	**(42)**	**(442)**
Share of other equity movements of investment accounted for using the equity method	10	-	-	1	-	1	-	1
31 March 2015		**63**	**(24)**	**(223)**	**4,972**	**4,788**	**65**	**4,853**
Profit for the year		-	-	-	1,054	1,054	36	1,090
Other comprehensive income for the year		-	-	9	(18)	(9)	6	(3)
Total comprehensive income for the year		**-**	**-**	**9**	**1,036**	**1,045**	**42**	**1,087**
Non-controlling interest on acquisition of subsidiaries	32	-	-	-	-	-	86	86
Acquired from non-controlling interest		-	(1)	-	-	(1)	-	(1)
Dividends		-	-	-	(400)	(400)	(26)	(426)
Option to acquire non-controlling interest	32	-	(42)	-	-	(42)	-	(42)
Transfer from / to retained earnings		-	-	1	-	1	-	1
Transactions with Owners		**-**	**(43)**	**1**	**(400)**	**(442)**	**60**	**(382)**
Share of other equity movements of investment accounted for using the equity method	10	-	-	(3)	(1)	(4)	-	(4)
31 March 2016		**63**	**(67)**	**(216)**	**5,607**	**5,387**	**167**	**5,554**

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

Notes 1 to 35 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 March 2016

	Note	2016	2015
		AED m	AED m
Operating activities			
Profit before income tax		1,156	1,004
Adjustments for:			
Depreciation and amortisation	6	444	397
Finance income - net		(12)	5
Amortisation of advance lease rentals	11	1	1
Share of results of investments accounted for using the equity method	10	(83)	(4)
Gain on sale of investment accounted for using the equity method		(2)	(4)
Gain on sale of property, plant and equipment		(9)	(13)
Gain on sale of business unit	32	-	(255)
Net provision for impairment of trade receivables	13	9	6
Provision for employee benefits	6	198	166
Net movement on derivative financial instruments		(48)	21
Employee benefit payments		(155)	(126)
Income tax paid		(93)	(74)
Change in inventories		(4)	(17)
Change in trade and other receivables		(442)	(151)
Change in provisions, trade and other payables		430	102
Net cash generated from operating activities		**1,390**	**1,058**

	Note	2016	2015
		AED m	AED m
Investing activities			
Additions to property, plant and equipment	8	(422)	(374)
Additions to intangible assets	9	(85)	(44)
Proceeds from sale of property, plant and equipment		17	39
Investments in associates and joint ventures	10	(51)	(19)
Dividends from investments accounted for using the equity method	10	35	18
Acquisition of subsidiaries, net of cash acquired	32	(78)	111
Proceeds from sale of business unit		-	263
Proceeds from sale of an associate		24	7
Loans to related parties - net	30	34	(13)
Movement in short term bank deposits		(579)	(707)
Finance income		29	22
Net cash used in investing activities		**(1,076)**	**(697)**
Financing activities			
Proceeds from loans	21	19	69
Repayment of loans	21	(61)	(109)
Net lease liabilities		(6)	(30)
Finance cost		(22)	(32)
Dividends paid to dnata's Owner		(400)	(200)
Dividends paid to non-controlling interests		(26)	(42)
Net cash used in financing activities		**(496)**	**(344)**
Net (decrease) / increase in cash and cash equivalents		**(182)**	**17**
Cash and cash equivalents at beginning of year		1,383	1,416
Effects of exchange rate changes		(11)	(50)
Cash and cash equivalents at end of year	27	**1,190**	**1,383**

Notes 1 to 35 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

1. General information

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

dnata is incorporated and domiciled in Dubai, UAE. The address of its registered office is Dnata Travel Centre, PO Box 1515, Dubai, UAE.

The main activities of dnata comprise:

- aircraft handling and engineering services
- handling services for export and import cargo
- inflight catering
- representing airlines as their general sales agent
- travel agency and other travel related services

2. Summary of significant accounting policies

A summary of the significant accounting policies, which have been applied consistently in the preparation of these consolidated financial statements, is set out below.

Basis of preparation

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

Standards and amendments to published standards that are relevant to dnata

Effective and adopted in the current year

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

- Annual improvements 2010-2012 cycle (effective 1 July 2014)
- Annual improvements 2011-2013 cycle (effective 1 July 2014)

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new accounting standards and amendment have been published that are mandatory for accounting periods commencing after 1 April 2016 or later periods, but have not been early adopted. Management is currently assessing the following standards and amendment which are likely to have an impact on dnata:

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

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

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

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

IFRS 15 replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

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

2. Summary of significant accounting policies (continued)

IFRS 16, Leases (effective from 1 January 2019)

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

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

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

Basis of consolidation

Subsidiaries are those entities over which dnata has control. Control is exercised when dnata is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to dnata and are de-consolidated from the date on which control ceases. Inter-company transactions, balances and unrealised gains and losses arising on transactions between dnata and subsidiaries are eliminated.

The acquisition method of accounting is used to account for business combinations by dnata. The consideration transferred for the acquisition of a subsidiary comprises the fair value of assets transferred, liabilities incurred to the former owners of the acquiree, fair value of contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets, including intangible assets acquired, liabilities and contingent liabilities, if any, incurred or assumed in a business combination, are measured initially at their fair values at the acquisition date. Any non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

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

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

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

Joint ventures are contractual arrangements which establish joint control and where dnata has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for by applying the equity method and include goodwill (net of accumulated impairment loss, if any) identified on acquisition after initially being recognised at cost.

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.

2. Summary of significant accounting policies (continued)

When dnata ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in the consolidated income statement. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the related assets and liabilities have been directly disposed of. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement. If the ownership in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement where appropriate.

Revenue

Revenue is measured at fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or services provided, stated net of discounts, returns and value added tax.

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

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

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

Finance income

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

Foreign currency translation

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

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

Where functional currencies of subsidiaries are different from AED, income and cash flow statements of subsidiaries are translated into UAE Dirhams at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income.

Share of results of investments accounted for using the equity method are translated into UAE Dirhams at average exchange rates for the year whereas share of net investments is translated at the exchange rate prevailing at the end of the reporting period. Translation differences relating to investments in associates, joint ventures and monetary assets and liabilities that form part of a net investment in a foreign operation are recognised in other comprehensive income. When investments in associates or joint ventures are disposed of, the translation differences recorded in equity are recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost consists of purchase cost, together with any incidental expenses of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to dnata and the cost can be reliably measured. Repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

2. Summary of significant accounting policies (continued)

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

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

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

Capital projects are stated at cost. When the asset is ready for its intended use, it is transferred from capital projects to the appropriate category under property, plant and equipment and depreciated in accordance with dnata's policies.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets at the date of acquisition.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment and is carried at cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill is allocated to cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised when the carrying value of the cash generating unit or group of cash generating units exceeds its recoverable amount. Impairment losses on goodwill are not reversed.

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

Other intangible assets

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

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

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

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

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

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

Impairment of non-financial assets

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

2. Summary of significant accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such amounts are initially recognised at fair value including transaction costs and carried at amortised cost using the effective interest method. The amounts are derecognised when rights to receive cash flows have expired or have been transferred along with substantially all the risks and rewards of ownership.

At the end of each reporting period, an assessment is made as to whether there is any objective evidence of impairment. Where necessary the carrying amount is written down through the consolidated income statement to the present value of expected future cash flows discounted at the effective interest rate computed at initial recognition.

Finance and operating leases

Where property, plant and equipment have been financed by lease agreements under which substantially all of the risks and rewards incidental to ownership are transferred to dnata, they are classified as finance leases.

Finance leases are capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The corresponding lease obligations are included under liabilities. Lease payments are treated as consisting of capital and interest elements. The interest element is charged to the consolidated income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Property, plant and equipment acquired under finance leases are depreciated in accordance with dnata's policies.

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental charges, including advance rentals in respect of operating leases, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on the weighted average cost basis except for food and beverage inventory which is determined on a first-in-first-out basis.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Where there is objective evidence of amounts that are not collectible, a provision is made for the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

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.

2. Summary of significant accounting policies (continued)

A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

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

Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where dnata's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by dnata and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Trade payables

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

Cash and cash equivalents

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

Dividend distribution

Dividend distribution to 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.

2. Summary of significant accounting policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). Fair values are obtained from quoted market prices or dealer quotes for similar instruments, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

dnata's criteria to account for a derivative financial instrument as a hedge include:

- formal documentation of the hedging instruments, hedged items, hedging objective, strategy and basis of measuring effectiveness all of which are prepared prior to applying hedge accounting; and
- documentation showing that the hedge effectiveness is assessed on an ongoing basis and is determined to have been highly effective in offsetting the risk of the hedged item throughout the reporting period.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to the hedged risk are recognised in other comprehensive income. When the forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are re-classified and included in the initial carrying amount of the asset or liability. These gains and losses are ultimately recognised in the consolidated income statement in the same period during which the asset or liability affects profit or loss. In all other cases, amounts previously recognised in other comprehensive income are transferred to the consolidated income statement in the period during which the forecasted transaction affects the consolidated income statement and are presented in the same line item as the gains and losses from hedged items.

When a cash flow hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time is retained in equity and is ultimately recognised in the consolidated income statement when the forecasted transaction occurs. If a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The gain or loss on the ineffective portion is recognised in the consolidated income statement.

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

3. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements, a number of estimates and associated assumptions have been made relating to the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following narrative addresses the accounting policies that require subjective and complex judgements, often as a result of the need to make estimates.

Valuation of intangible assets on acquisition

For each acquisition management assesses the fair value of intangible assets acquired. The instance where individual fair values of assets in a group are not reliably measurable, a single asset comprising goodwill is recognised. Where an active market does not exist for an intangible asset, fair values are established using valuation techniques e.g. discounting future cash flows from the asset. In the process, estimates are made of the future cash flows, the useful life and the discount rate based on management's experience and expectation at the time of acquisition.

Depreciation of property, plant and equipment

Management assigns useful lives and residual values to property, plant and equipment based on the intended use of assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management has reviewed the residual value and useful lives of major items of property, plant and equipment and determined that no adjustment is necessary.

Useful lives of intangible assets

Management assigns useful lives to intangible assets based on the intended use of the assets, the underlying contractual or legal rights and the historical experience. Subsequent changes in circumstances such as technological advances, changes in the terms of the underlying contracts or prospective utilisation of the assets concerned could result in the useful lives differing from initial estimates. Management has reviewed the useful lives of major intangible assets and has revised the useful life of infinite Trade names to 10 years. This change has not resulted in any significant impact.

3. Critical accounting estimates and judgements (continued)

Impairment of investments accounted for using the equity method

Management applies the guidance in IAS 39 to identify if potential impairment exists for its equity accounted investments. At the end of each reporting period, an assessment is made as to whether there is any objective evidence of impairment. In such instances, the investment is subject to an impairment test by comparing the carrying amount to the recoverable amount of the asset. Considering the long term nature of these investments, the recoverable amount is determined based on value-in-use calculations. Calculating the value-in-use implies obtaining cash flow forecasts from management of the equity accounted investments. Publicly listed companies often operate under restrictions due to the applicable listing regulations on disclosure of information to a selective group of shareholders. Thus, for such investments management develops its own estimated cash flows using publicly available data or analyst forecasts, as appropriate.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units or group of cash generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The estimates made in arriving at the value-in-use calculation are set out in Note 9.

Valuation of defined benefit obligations

The present value of the defined benefit obligations is determined on actuarial basis using various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and expected salary increases which are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. A sensitivity analysis of changes in defined benefit obligations due to a reasonably possible change in these assumptions are set out in Note 18.

4. Fair value estimation

The levels of fair value hierarchy are defined as follows:

Level 1: Measurement is made by using quoted prices (unadjusted) from the active market.
Level 2: Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.
Level 3: Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

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

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

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

The changes in the fair value of level 3 instruments are set out in Note 16.

5. Revenue

	2016 AED m	2015 AED m
Services		
Travel services	3,306	2,461
UAE Airport Operations	2,851	2,514
International Airport Operations	2,096	1,594
Other	283	147
	8,536	**6,716**
Sale of goods		
In-flight catering	1,782	1,879
Other	104	146
	1,886	**2,025**
	10,422	**8,741**

6. Operating costs

	2016 AED m	2015 AED m
Employee (see (a) below)	3,847	3,351
Direct costs		
- Travel services	1,951	1,458
- Airport Operations	949	824
- In-flight catering	715	735
- Other	86	-
Rental and lease expenses	537	500
Sales and marketing expenses	418	362
Depreciation and amortisation (see (b) below)	323	296
Information technology infrastructure costs	199	191
Corporate overheads	544	438
	9,569	**8,155**

(a) Employee costs include AED 198 m (2015: AED 166 m) in respect of post-employment benefits (Note 18).

(b) Depreciation and amortisation of AED 121 m (2015: AED 101 m) is included under information technology infrastructure costs.

7. Income tax expense

	2016 AED m	2015 AED m
The components of income tax expense are:		
Current tax	80	80
Deferred tax credit	(14)	(10)
	66	**70**
The income tax expense for the year can be reconciled to the accounting profit from continuing operations as follows:		
Profit before income tax	1,156	1,004
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**53**	**59**
Effect of non-deductible expenses	4	8
Effect of income exempt from tax	-	(1)
Recognition of previously unrecognised tax losses	(1)	(2)
Re-measurement of deferred tax - effect of changes in tax rates	(2)	-
Tax losses for which no deferred tax asset recognised	2	2
Effect of other items	10	4
Income tax expense	**66**	**70**

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

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

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 2015	881	1,431	1,453	76	36	3,877
Acquisition (Note 32)	10	118	15	14	2	159
Additions	16	170	127	22	82	417
Transfer from capital projects	8	10	12	1	(31)	-
Disposals / write off	(5)	(56)	(59)	(2)	-	(122)
Currency translation differences	2	6	(4)	-	1	5
Transfers	-	-	24	1	-	25
31 March 2016	**912**	**1,679**	**1,568**	**112**	**90**	**4,361**
Depreciation						
1 April 2015	343	899	1,111	43	-	2,396
Acquisition (Note 32)	8	41	13	1	-	63
Charge for the year	49	101	140	11	-	301
Disposals / write off	(4)	(53)	(57)	(2)	-	(116)
Currency translation differences	1	4	(5)	-	-	-
Transfers	-	1	19	-	-	20
31 March 2016	**397**	**993**	**1,221**	**53**	**-**	**2,664**
Net book amount at 31 March 2016	**515**	**686**	**347**	**59**	**90**	**1,697**

The net book amount of property, plant and equipment includes AED 30 m (2015: AED 35 m) in respect of plant and machinery held under finance leases (Note 22).

Land of AED 6 m (2015: AED 6 m) is carried at cost and is not depreciated.

9. Intangible assets

	Goodwill AED m	Computer software AED m	Trade names AED m	Customer relationships AED m	Contractual rights AED m	Total AED m
Cost						
1 April 2014	1,701	393	102	88	734	3,018
Acquisition	61	9	44	33	-	147
Additions	-	44	-	-	-	44
Disposals / write off	-	(79)	-	-	-	(79)
Currency translation differences	(207)	(9)	(15)	(14)	(71)	(316)
Transfers	-	3	-	-	-	3
31 March 2015	**1,555**	**361**	**131**	**107**	**663**	**2,817**
Amortisation						
1 April 2014	-	232	10	24	383	649
Acquisition	-	4	-	-	-	4
Charge for the year	-	39	6	13	66	124
Disposals / write off	-	(35)	-	-	-	(35)
Currency translation differences	-	(6)	(2)	(3)	(39)	(50)
Transfers	-	2	-	-	-	2
31 March 2015	**-**	**236**	**14**	**34**	**410**	**694**
Net book value at 31 March 2015	**1,555**	**125**	**117**	**73**	**253**	**2,123**
Cost						
1 April 2015	1,555	361	131	107	663	2,817
Acquisition (Note 32)	160	1	-	91	-	252
Additions	-	77	-	-	-	77
Disposals / write off	-	(2)	-	-	-	(2)
Currency translation differences	(8)	(2)	(4)	2	(5)	(17)
Transfers	-	29	-	-	-	29
31 March 2016	**1,707**	**464**	**127**	**200**	**658**	**3,156**
Amortisation						
1 April 2015	-	236	14	34	410	694
Acquisition (Note 32)	-	1	-	13	-	14
Charge for the year	-	54	15	16	58	143
Currency translation differences	-	(2)	(1)	-	(1)	(4)
Transfers	-	21	-	-	-	21
31 March 2016	**-**	**310**	**28**	**63**	**467**	**868**
Net book value at 31 March 2016	**1,707**	**154**	**99**	**137**	**191**	**2,288**

9. Intangible assets (continued)

Computer software includes an amount of AED 18 m (2015: AED 27 m) in respect of projects under implementation.

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

Cash generating unit / Group of cash generating units	Location	Goodwill 2016	Goodwill 2015	Discount rate	Gross margin	Terminal growth rate
		AED m	AED m	%	%	%
Airport operations	Singapore	92	91	7.0	13.6	3.0
Airport operations	Switzerland	258	257	6.0	10.1	1.5
Airport operations	Australia	28	28	10.0	14.4	2.5
Airport operations	Netherlands	60	-	-	-	-
Airport operations	Brazil	37	-	-	-	-
In-flight catering group	UK	489	481	8.0	15.9	1.5
Online travel services	UK	488	503	8.5	11.5	1.5
Travel services	UK	186	192	8.5	9.0	1.5
Travel services	UAE	3	3	-	-	-
Others	UAE	66	-	-	-	-
		1,707	**1,555**			

Goodwill pertaining to Travel services, UK includes AED 132 m (2015: AED 137 m) for Gold Medal and AED 54 m (2015: AED 55 m) for Stella Travel. The key assumptions used in the value-in-use calculations for both these cash generating units are similar.

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

10. Investments in subsidiaries, associates and joint ventures

Principal subsidiaries

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
dnata Travel (UK) Limited	100	Travel agency	United Kingdom
dnata Inc.	100	Aircraft handling services	Philippines
Dnata International Airport Services Pte Ltd	100	Holding company	Singapore
dnata Singapore Pte Ltd	100	Aircraft handling and catering services	Singapore
Maritime and Mercantile International Travel LLC	100	Travel agency	United Arab Emirates
Dnata GmbH	100	Holding company	Austria
Dnata Switzerland AG	100	Aircraft handling services	Switzerland
Al Hidaya Travel & Tourism WLL	100	Travel agency	Bahrain
Cleopatra International Travel WLL	100	Travel agency	Bahrain
Dnata Aviation Services Ltd	100	Holding company	United Kingdom
dnata Limited	100	Aircraft handling services	United Kingdom
Dnata for Airport Services Ltd	80	Aircraft handling services	Iraq
Dnata Catering Services Limited	100	Holding company	United Kingdom
Alpha Flight Group Ltd	100	In-flight catering services	United Kingdom
Alpha Flight UK Ltd	100	In-flight catering services	United Kingdom
Alpha Flight Services Pty Ltd	100	In-flight catering services	Australia
Alpha Flight Ireland Ltd	100	In-flight catering services	Ireland
Alpha Flight a.s	100	In-flight catering services	Czech Republic
Alpha In-Flight US LLC	100	In-flight catering services	United States of America
dnata srl (formerly Air Chef srl)	100	In-flight catering services	Italy
dnata Catering SA (formerly Alpha Rocas SA)	64.2	In-flight catering services	Romania
Alpha Flight Services UAE LLC	49	In-flight catering services	United Arab Emirates
Jordan Flight Catering Company Ltd	35.9	In-flight catering services	Jordan
dnata International Pvt Ltd	100	Travel agency	India
dnata World Travel Limited	75	Holding company	United Kingdom
Travel Republic Limited	75	Online travel services	United Kingdom
Marhaba Bahrain SPC	100	Passenger meet and greet services	Bahrain
Airline Cleaning Services Pty Ltd	100	Aircraft cleaning services	Australia
En Route International Limited	80	Bakery and food solutions	United Kingdom
Najm Travel LLC	100	Travel agency	United Arab Emirates
dnata Travel Holdings UK Limited	100	Holding company	United Kingdom
Gold Medal Travel Group plc	100	Travel services	United Kingdom
Airline Network plc	100	Travel services	United Kingdom

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

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal subsidiaries			
Incorporated during the previous year:			
dnata Travel Inc	100	Travel services	Philippines
Travel Partners LLC	100	Travel services	United Arab Emirates
dnata Aviation Services Holdings Limited	100	Holding company	United Arab Emirates
Acquired during the previous year:			
Stella Travel Services (UK) Limited	100	Travel services	United Kingdom
Stella Global UK Limited	100	Travel services	United Kingdom
dnata Airport Services Pty Ltd (formerly Toll Dnata Airport Services Pty Ltd)	100	Aircraft handling services	Australia
Incorporated during the year:			
dnata Aviation Services US Inc.	100	Holding company	United States of America
Acquired during the year:			
dnata BV	100	Aircraft handling services	The Netherlands
dnata Brazil S/A	70	Aircraft handling services	Brazil
Plafond Fitout LLC	100	MEP contracting	United Arab Emirates
Airport Handling SpA	30	Aircraft handling services	Italy
Disposed during the previous year:			
Mercator Asia Co. Ltd	100	Information technology services	Thailand

Alpha Flight Services UAE, Jordan Flight Catering Company Ltd and Airport Handling SpA qualify as subsidiaries as overall control is exercised by dnata, therefore the results of these companies are consolidated. dnata's beneficial interest is 80% in Dnata for Airport Services Ltd and 100% in dnata World Travel Ltd and Travel Republic Ltd.

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

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

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal associates			
Dubai Express LLC	50	Freight clearing and forwarding	United Arab Emirates
Gerry's Dnata (Private) Ltd	50	Aircraft handling services	Pakistan
Guangzhou Baiyun International Airport Ground Handling Services Co. Ltd	20	Aircraft handling services	P. R. China
Oman United Agencies Travel LLC	50	Travel services	Oman
Hogg Robinson Group plc	22	Travel services	United Kingdom
Acquired during the previous year:			
Mercator Solutions FZE	19	Information technology services	United Arab Emirates
Disposed during the previous year:			
SEA Services srl	36	In-flight catering services	Italy
Disposed during the year:			
Mindpearl AG	49	Contact centre operations	Switzerland
Mindpearl South Africa (Pty) Ltd	49	Contact centre operations	South Africa
Principal joint ventures			
Dnata-PWC Airport Logistics LLC	50	Freight clearing and forwarding	United Arab Emirates
dnata Travel Limited	70	Travel agency	Saudi Arabia
Transguard Group LLC	100	Security services	United Arab Emirates
Dunya Travel LLC	50	Travel agency	United Arab Emirates
SDV UAE LLC	25.5	Freight clearing and forwarding	United Arab Emirates
Najm Travels LLC	50	Travel agency	Afghanistan
Al Tawfeeq Travel (Dnata Travels) LLC	50	Travel agency	Qatar
dnata Newrest (Pty) Ltd	50	In-flight catering services	South Africa
Alpha LSG Ltd	50	In-flight catering services	United Kingdom
Travel Counsellors LLC	51	Travel services	United Arab Emirates
Transecure LLC	100	Security services	United Arab Emirates
India Premier Services Pvt Ltd	50	Passenger meet and greet services	India
Incorporated during the previous year:			
Super Bus Tourism LLC	75	Travel agency	United Arab Emirates
Acquired during the year:			
Imagine Enterprise Limited	51	Travel services	United Kingdom

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

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

Movement of investments accounted for using the equity method

	2016 AED m	2015 AED m
Balance brought forward	**424**	**487**
Investments during the year	51	19
Share of results	83	4
Share of other comprehensive income	(45)	(26)
Share of other equity movements	(4)	1
Dividends	(35)	(18)
Disposal of an associate	(30)	(3)
Transfer	20	-
De-recognition due to change in ownership interest	(85)	(17)
Currency translation differences	6	(23)
Balance carried forward	**385**	**424**

Change in the ownership interest of a joint venture

dnata acquired the remaining 50% interest in a joint venture, Plafond Fitout LLC, to increase its shareholding to a 100% interest (Note 32). The step acquisition did not result in any significant fair value gain or loss.

During the previous year, dnata acquired the remaining 50% interest in a joint venture, dnata Airport Services Pty Ltd (previously Toll Dnata Airport Services Pty Ltd), to increase its shareholding to a 100% interest. The step acquisition did not result in any significant fair value gain or loss.

The financial statements of an associate have been prepared from 1 January 2015 to 31 December 2015 to comply with the accelerated reporting timetable of dnata. For the purpose of applying the equity method of accounting and disclosures, the financial statements as prepared above have been used and appropriate adjustments have been made, where necessary, for the effect of significant events between 1 January 2016 and 31 March 2016.

No individual associate is material to dnata. Aggregate financial information of associates is set out below:

	2016 AED m	2015 AED m
Share of results of associates	22	20
Share of other comprehensive income of associates	(40)	(21)
Share of total comprehensive income of associates	**(18)**	**(1)**
Aggregate carrying value of investments in associates	**68**	**123**

No individual joint venture is material to dnata. Aggregate financial information of joint ventures is set out below:

	2016 AED m	2015 AED m
Share of results of joint ventures	61	(16)
Share of other comprehensive income of a joint venture	(5)	(5)
Share of total comprehensive income of joint ventures	**56**	**(21)**
Aggregate carrying value of investments in joint ventures	**317**	**301**

11. Advance lease rentals

	2016 AED m	2015 AED m
Balance brought forward	**22**	**25**
Charge for the year	(1)	(1)
Currency translation differences	1	(2)
Balance carried forward	**22**	**22**

12. Inventories

	2016 AED m	2015 AED m
Food and beverage	46	43
Plant and machinery - spares and consumables	32	29
Other	17	21
	95	**93**

13. Trade and other receivables

	2016 AED m	2015 AED m
Trade receivables - net of provision	1,539	1,046
Prepayments	487	332
Related parties (Note 30)	401	450
Deposits and other receivables	495	457
	2,922	**2,285**
Less: Deposit and other receivables over one year	(138)	(99)
	2,784	**2,186**

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

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

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

	2016 AED m	2015 AED m
Balance brought forward	**44**	**56**
Acquisition	3	7
Charge for the year	18	10
Unused amounts reversed	(9)	(4)
Amounts written off as uncollectible	(19)	(6)
Currency translation differences	(2)	(4)
Transfer	3	(15)
Balance carried forward	**38**	**44**

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

The maximum exposure to credit risk of current trade and other receivables (excluding prepayments) at the reporting date is the carrying value of each class of receivable mentioned above.

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

	2016 AED m	2015 AED m
Below 3 months	727	497
3-6 months	44	45
Above 6 months	158	49
	929	**591**

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

14. Capital

Capital represents the permanent capital of dnata.

15. Other reserves

	Translation reserve AED m	Other AED m	Total AED m
1 April 2014	**50**	**5**	**55**
Currency translation differences	(306)	-	(306)
Net investment hedge (Note 21)	14	-	14
Gain in fair value of cash flow hedges	-	12	12
Transferred to consolidated income statement	3	(1)	2
Share of other comprehensive income of investment accounted for using the equity method net of deferred tax	(1)	-	(1)
Recognised in other comprehensive income	**(290)**	**11**	**(279)**
Share of other equity movement of investment accounted for using the equity method	-	1	1
31 March 2015	**(240)**	**17**	**(223)**
Currency translation differences	4	-	4
Transferred to consolidated income statement	-	2	2
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	3	-	3
Recognised in other comprehensive income	**7**	**2**	**9**
Share of other equity movement of investment accounted for using the equity method	-	(3)	(3)
Transfer from / to retained earnings	-	1	1
31 March 2016	**(233)**	**17**	**(216)**

16. Trade and other payables

	2016 AED m	2015 AED m
Trade payables and accruals	2,881	2,315
Employee leave pay	206	145
Airlines	123	154
Related parties (Note 30)	94	39
Customer deposits	49	22
Dividend payable	400	400
Other payables	218	161
	3,971	**3,236**
Less: Payable over one year	(218)	(161)
	3,753	**3,075**

The non-current portion represents the deferred and contingent consideration related to subsidiaries acquired. It also includes the fair value of options issued to acquire controlling interest in subsidiaries.

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

	2016 AED m	2015 AED m
Balance brought forward	**71**	**97**
Interest	6	8
Remeasurement gain	(21)	(25)
Currency translation differences	(2)	(9)
Balance carried forward	**54**	**71**

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

17. Provisions

	2016 AED m	2015 AED m
Non-current		
Retirement benefit obligations (Note 18)	626	604
Other provisions (Note 19)	24	23
	650	**627**
Current		
Other provisions (Note 19)	9	5
	9	**5**
	659	**632**

18. Retirement benefit obligations

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 March 2016 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:

	2016 AED m	2015 AED m
Funded schemes		
Present value of defined benefit obligations	616	356
Less: Fair value of plan assets	(548)	(279)
	68	**77**
Unfunded schemes		
Present value of defined benefit obligations	**558**	**527**
Liability recognised in consolidated statement of financial position	**626**	**604**

Funded schemes

a) Parent company

Senior employees based in the UAE participate in a defined benefit provident scheme to which dnata contributes a specified percentage of basic salary based upon the employee’s grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a monthly basis irrespective of fund performance and are not pooled, but are separately identifiable and attributable to each participant. The fund comprises a diverse mix of managed funds and investment decisions are controlled directly by the participating employees.

Benefits receivable under the provident scheme are subject to vesting rules, which are dependent upon a participating employee's length of service. If at the time an employee leaves employment, the accumulated vested amount, including investment returns is less than the end of service benefits that would have been payable to that employee under relevant local regulations, dnata pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives either seventy five or one hundred percent of their fund balance depending on their length of service. Vested assets of the scheme are not available to dnata or its creditors in any circumstances.

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

	2016 AED m	2015 AED m
Present value of funded defined benefit obligations	124	108
Fair value of plan assets	118	102
	6	**6**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 4.5% (2015: 4.5%) and a discount rate of 4.0% (2015: 4.0%) per annum. The present values of the defined benefit obligations at 31 March 2016 were computed using the actuarial assumptions set out above.

The liability of AED 6 m (2015: AED 6 m) represents the amount that will not be settled from plan assets and is calculated as the excess of the present value of the defined benefit obligation for an individual employee over the fair value of the employee's plan assets at the end of the reporting period.

18. Retirement benefit obligations (continued)

Contributions received include the transfer of accumulated benefits from unfunded schemes.

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

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

	2016 AED m	2015 AED m
Balance brought forward	**102**	**88**
Contributions received	19	16
Benefits paid	(7)	(16)
Change in fair value	4	14
Balance carried forward	**118**	**102**

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:

	2016 AED m	2015 AED m
Present value of funded defined benefit obligations	231	248
Fair value of plan assets	179	177
	52	**71**

The actuarial valuation for the Swiss plan included assumptions relating to discount rate of 0.8% (2015: 1.0%) and expected salary increases of 1.0% (2015: 1.0%).

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

	2016 AED m	2015 AED m
Balance brought forward	**248**	**222**
Service cost	11	13
Interest cost	2	4
Remeasurement loss / (gain)	(21)	37
Employee contributions	7	8
Benefits paid	(17)	(14)
Currency translation differences	1	(22)
Balance carried forward	**231**	**248**

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

	2016 AED m	2015 AED m
Balance brought forward	**177**	**182**
Expected return on plan assets	2	4
Remeasurement		
- Return on plan assets	-	4
Employer contributions	9	10
Employee contributions	7	8
Benefits paid	(17)	(14)
Currency translation differences	1	(17)
Balance carried forward	**179**	**177**

18. 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:

	2016 AED m
Present value of funded defined benefit obligations	261
Fair value of plan assets	251
	10

The actuarial valuation for the Netherlands plan included assumptions relating to discount rate of 2.3% and expected salary increases of 1.0%.

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

	2016 AED m
Acquisition	250
Service cost	3
Interest cost	2
Employee contributions	1
Benefits paid	(2)
Currency translation differences	7
Balance carried forward	**261**

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

	2016 AED m
Acquisition	241
Remeasurement	
- Return on plan assets	2
Employer contributions	3
Employee contributions	1
Benefits paid	(2)
Currency translation differences	6
Balance carried forward	**251**

dnata expects to contribute, in respect of existing plan members of all its funded schemes, approximately AED 32 m during the year ending 31 March 2017.

Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme or other defined contribution plans follow relevant local regulations, which are mainly based on periods of cumulative service and levels of employees' final basic salary. The liability recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period.

The movement in the defined benefit obligation is:

	2016 AED m	**2015** AED m
Balance brought forward	**527**	**421**
Acquisition (Note 32)	-	10
Current service cost	61	67
Interest cost	21	20
Remeasurement		
- changes in experience / demographic assumptions	(13)	7
- changes in financial assumptions	-	57
Payments made during the year	(38)	(53)
Currency translation differences	-	(2)
Balance carried forward	**558**	**527**

Payments made during the year include AED 3 m (2015: AED 3 m) for the transfer of accumulated benefits to dnata's funded scheme.

18. Retirement benefit obligations (continued)

Defined contribution plans

dnata pays fixed contributions to certain defined contribution plans and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employees service in the current and prior periods.

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

	2016 AED m	2015 AED m
Defined benefit plans		
Funded schemes		
Service and interest cost	30	27
Net change in the present value of defined benefit obligations over plan assets	-	3
	30	**30**
Unfunded schemes		
Current service cost	61	67
Interest cost	21	20
	82	**87**
Defined contribution plans		
Contributions expensed	**86**	**49**
Recognised in the consolidated income statement	**198**	**166**

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

Assumption	**Change**	**Effect on defined benefit obligation** **Subsidiaries** AED m	**Unfunded schemes** AED m
Discount rate	+ 0.5%	(42)	(35)
	- 0.5%	47	40
Expected salary increases	+ 0.5%	6	38
	- 0.5%	(6)	(35)

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

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

	2016 Years	**2015 Years**
Funded scheme - Swiss plan	17.0	17.3
Funded scheme - Netherlands plan	19.8	-
Unfunded scheme	13.8	17.2

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

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

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

19. Other provisions

	Dilapi-dations AED m	Onerous contracts AED m	Other AED m	Total AED m
1 April 2015	**9**	**-**	**19**	**28**
Acquisition (Note 32)	-	4	3	7
Charge for the year	-	-	4	4
Utilised during the year	(2)	-	(2)	(4)
Unutilised amounts reversed	-	(2)	-	(2)
31 March 2016	**7**	**2**	**24**	**33**

Provisions are expected to be used as follows:

	2016 AED m	2015 AED m
Within one year	9	5
Over one year	24	23
31 March 2016	**33**	**28**

The provision for dilapidations represents an estimate of the costs of restoring certain leasehold properties to their original condition at the end of the lease term discounted at the pre-tax rate that reflects the risk specific to the liability.

20. Borrowings and lease liabilities

	2016 AED m	2015 AED m
Non-current		
Term loans (Note 21)	382	286
Lease liabilities (Note 22)	18	23
	400	**309**
Current		
Term loans (Note 21)	107	248
Lease liabilities (Note 22)	6	7
Bank overdrafts (Note 27)	145	214
	258	**469**
	658	**778**

Borrowings and lease liabilities are denominated in the following currencies:

	2016 AED m	2015 AED m
Pounds Sterling	299	394
Swiss Francs	162	198
Euro	96	97
Singapore Dollars	51	50
Australian Dollars	30	20
Others	20	19

21. Term loans

	2016 AED m	2015 AED m
Movements in the term loans are as follows:		
Balance brought forward	**536**	**633**
Acquisitions	-	17
Additions	19	69
Repayments	(61)	(109)
Currency translation differences	(3)	(74)
	491	**536**
Unamortised transaction costs	(2)	(2)
Balance carried forward	**489**	**534**
Term loans are repayable as follows:		
Within one year	**107**	**248**
Between 2 and 5 years	373	268
After 5 years	9	18
Total over one year	**382**	**286**
Term loans are denominated in the following currencies:		
Pounds Sterling	236	265
Swiss Francs	129	155
Euro	96	97
Australian Dollars	28	17

Contractual repricing dates are set at six month intervals. The effective interest rate on the term loans was 2.9% (2015: 2.9%) per annum. The carrying amounts of the term loans approximate their fair value. The fair value is determined by discounting projected cash flows using the interest rate yield curve applicable to different maturities and currencies adjusted for credit spread and falls within level 2 of the fair value hierarchy.

The term loan in Swiss Francs is designated as a hedge of the net investment in dnata Switzerland AG. The foreign exchange gain or loss on translation of the loan at the end of the reporting period is recognised in the translation reserve through other comprehensive income.

22. Lease liabilities

	2016 AED m	2015 AED m
Gross lease liabilities:		
Within one year	7	8
Between 2 and 5 years	19	20
After 5 years	1	5
	27	**33**
Future interest	(3)	(3)
Present value of finance lease liabilities	**24**	**30**
The present value of finance lease liabilities is repayable as follows:		
Within one year	**6**	**7**
Between 2 and 5 years	17	18
After 5 years	1	5
Total over one year	**18**	**23**
The present value of finance lease liabilities are denominated in the following currencies:		
Pounds Sterling	1	3
Swiss Francs	21	24
Australian Dollars	2	3

Lease liabilities are secured on the related plant and machinery.

The carrying amount of lease liabilities approximate their fair value. The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread and falls within level 2 of the fair value hierarchy.

23. Deferred income tax

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

	2016 AED m	2015 AED m
Deferred income tax assets	60	70
Deferred income tax liabilities	(94)	(116)
	(34)	**(46)**

The movement in the deferred tax account is as follows:

	2016 AED m	2015 AED m
Balance brought forward	**(46)**	**(98)**
Acquisition (Note 32)	(12)	28
Credited to the consolidated income statement	14	10
Currency translation differences	1	7
Deferred tax on retirement benefit obligation	(5)	7
Transfers	14	-
Balance carried forward	**(34)**	**(46)**

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

Deferred income tax liabilities

	Property, plant and equipment AED m	Intangible assets AED m	Other AED m	Total AED m
1 April 2014	**(41)**	**(110)**	**(1)**	**(152)**
Acquisition	2	(16)	-	(14)
(Charge) / credited to the consolidated income statement	(2)	20	-	18
Currency translation differences	4	14	-	18
31 March 2015	**(37)**	**(92)**	**(1)**	**(130)**
Acquisition (Note 32)	-	(17)	-	(17)
Credited to the consolidated income statement	1	22	-	23
Currency translation differences	(1)	1	-	-
Transfers	(2)	-	-	(2)
31 March 2016	**(39)**	**(86)**	**(1)**	**(126)**

Deferred income tax assets

	Tax losses AED m	Provisions AED m	Other AED m	Total AED m
1 April 2014	**9**	**17**	**28**	**54**
Acquisition	31	11	-	42
(Charge) / credited to the consolidated income statement	(4)	3	(7)	(8)
Recognised in other comprehensive income	-	7	-	7
Currency translation differences	(3)	(3)	(5)	(11)
31 March 2015	**33**	**35**	**16**	**84**
Acquisition (Note 32)	-	2	3	5
(Charge) / credited to the consolidated income statement	(9)	(2)	2	(9)
Recognised in other comprehensive income	-	(5)	-	(5)
Currency translation differences	(2)	1	2	1
Transfers	26	(10)	-	16
31 March 2016	**48**	**21**	**23**	**92**

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 157 m.

24. Operating leases

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

	2016 AED m	2015 AED m
Less than 1 year	205	178
Between 2 and 5 years	671	467
After 5 years	872	631
	1,748	**1,276**

25. Capital commitments

	2016 AED m	2015 AED m
Authorised and contracted:		
dnata	193	95
Joint ventures	13	13
	206	108
Authorised but not contracted:		
dnata	551	497
	757	**605**

26. Guarantees

	2016 AED m	2015 AED m
Guarantees and letters of credit provided by banks in the normal course of business	**222**	**143**

Guarantees and letters of credit include AED 40 m (2015: AED 39 m) provided by companies under common control on normal commercial terms.

27. Short term bank deposits, cash and cash equivalents

	2016 AED m	2015 AED m
Bank deposits	2,321	2,051
Cash and bank	1,144	1,097
Cash and bank balances	**3,465**	**3,148**
Less: Short term bank deposits over 3 months	(2,130)	(1,551)
Cash and cash equivalents as per the consolidated statement of financial position	**1,335**	**1,597**
Bank overdrafts (Note 20)	(145)	(214)
Cash and cash equivalents as per the consolidated statement of cash flows	**1,190**	**1,383**

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 1.8% (2015: 1.2%) per annum.

28. Derivative financial instruments

Description	2016 AED m	2015 AED m
Cash flow hedge		
Current assets		
Currency swaps and forwards	39	-
	39	-
Current liabilities		
Currency swaps and forwards	-	9
	-	**9**

The notional principal amounts outstanding are:

	2016 AED m	2015 AED m
Currency contracts	929	690

29. Classification of financial instruments

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

Description	Loans and receivables AED m	Derivative financial instruments AED m	Assets and liabilities at fair value through profit and loss AED m	Financial liabilities at amortised cost AED m	Total AED m
Mar 2015					
Assets					
Trade and other receivables (excluding prepayments)	1,953	-	-	-	1,953
Short term bank deposits	1,551	-	-	-	1,551
Cash and cash equivalents	1,597	-	-	-	1,597
Total	**5,101**	**-**	**-**	**-**	**5,101**
Liabilities					
Borrowings and lease liabilities	-	-	-	778	778
Trade and other payables (excluding customer deposits)	-	-	60	3,154	3,214
Derivative financial instruments	-	9	-	-	9
Total	**-**	**9**	**60**	**3,932**	**4,001**
Mar 2016					
Assets					
Derivative financial instruments	-	39	-	-	39
Trade and other receivables (excluding prepayments)	2,435	-	-	-	2,435
Short term bank deposits	2,130	-	-	-	2,130
Cash and cash equivalents	1,335	-	-	-	1,335
Total	**5,900**	**39**	**-**	**-**	**5,939**
Liabilities					
Borrowings and lease liabilities	-	-	-	658	658
Trade and other payables (excluding customer deposits)	-	-	53	3,869	3,922
Total	**-**	**-**	**53**	**4,527**	**4,580**

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

30. Related party transactions and balances

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

dnata and Emirates share central corporate functions such as information technology, facilities, human resources, finance, treasury, cash management, legal and other functions. Where such functions are shared the costs are allocated between dnata and Emirates based on activity levels.

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

	2016 AED m	2015 AED m
Trading transactions		
(i) Sale of goods and services		
Sale of goods - Companies under common control	376	388
Services rendered - Associates	17	14
Services rendered - Joint ventures	17	18
Services rendered - Companies under common control	1,853	1,532
	2,263	**1,952**
(ii) Purchase of goods and services		
Purchase of goods - Companies under common control	431	133
Services received - Associates	1	1
Services received - Joint ventures	131	237
Services received - Companies under common control	376	305
	939	**676**
Other transactions		
(i) Finance income		
Companies under common control	26	17
Joint ventures	6	9
	32	**26**
(ii) Finance cost		
Companies under common control	**5**	**5**
(iii) Compensation to key management personnel		
Salaries and short-term employee benefits	40	39
Post-employment benefits	5	3
Termination benefits	-	1
	45	**43**

Effective 1 April 2015, destination and leisure management business of Emirates was transferred to dnata for consideration equal to carrying value of assets and liabilities transferred.

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

	2016 AED m	2015 AED m
Year end balances		
(i) Receivables-sale of goods and services (Note 13)		
Associates	32	29
Joint ventures	52	48
Companies under common control	170	165
	254	**242**
(ii) Payables-purchase of goods and services (Note 16)		
Joint ventures	24	5
Companies under common control	70	34
	94	**39**
(iii) Borrowings		
Companies under common control	**135**	**161**
(iv) Loans - receivable (Note 13)		
Joint ventures	**147**	**208**
Movement in the loans were as follows:		
Balance brought forward	**208**	**229**
Additions	1	19
Repayments	(35)	(6)
Transfer	(20)	(6)
Currency translation differences	(7)	(28)
Balance carried forward (Note 13)	**147**	**208**

The loans earned effective interest of 3.3% (2015: 3.7%) per annum.

31. Financial risk management

dnata has limited exposure to financial risks by virtue of the nature of its operations. In the areas where financial risks exist, the aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on dnata's financial position.

dnata's risk management procedures are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information. dnata reviews its risk management procedures and systems on a regular basis to reflect changes in markets, products and emerging best practice.

Risk management procedures are approved by a steering group comprising of senior management. Their identification, evaluation and hedging of financial risks are performed in close cooperation with the operating units. Senior management is also responsible for the review of risk management and the control environment. The various financial risk elements are discussed below.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks relevant to dnata's operations are interest rate risk and currency risk.

Interest rate risk

dnata is exposed to the effects of fluctuations in prevailing levels of interest rates on borrowings and investments. Exposure arises from interest rate fluctuations in the international financial markets with respect to interest cost on its long term debt obligations and interest income on its bank deposits.

Borrowings obtained at variable rates expose dnata to cash flow interest rate risk. No hedging cover is obtained due to the stable interest rate environment that exists in the countries where the loans are contracted.

The key reference rates based on which interest costs are determined are CHF LIBOR for Swiss Francs, GBP LIBOR for Pounds Sterling, EURIBOR for Euro and SIBOR for Singapore Dollars. A 25 basis point change in these interest rates would not have a significant impact on profit or equity.

Currency risk

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

dnata is exposed to the effects of fluctuations in prevailing foreign currency exchange rates on its long term debt obligations denominated in Swiss Francs, Euro, Pounds Sterling and Australian Dollars. Cash flows from the Switzerland, Italy, United Kingdom and Australian operations are adequate to meet the repayment schedules. A 1% change in exchange rate for these currencies would not have a significant impact on profit or equity.

(ii) Credit risk

dnata is exposed to credit risk, which is the risk that the counterparty will cause a financial loss to dnata by failing to discharge an obligation. Financial assets that potentially subject dnata to credit risk consist principally of deposits with banks and trade receivables. dnata uses external ratings such as Standard & Poor's, Moody's or their equivalent in order to measure and monitor its credit risk exposures to financial institutions. In the absence of independent ratings, credit quality is assessed based on the counterparty's financial position, past experience and other factors.

dnata manages limits and controls concentration of risk wherever they are identified. dnata places significant deposits with high credit quality banks. Exposure to credit risk is also managed through regular analysis of the ability of counterparties and potential counterparties to meet their obligations and by changing their limits where appropriate. Approximately AED 1,803 m (2015: 1,556 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.

Overview
Emirates
dnata
Group
Financial Information
Emirates Financial Commentary
dnata Financial Commentary
Emirates Consolidated Financial Statements
dnata Consolidated Financial Statements
Additional Information

31. Financial risk management (continued)

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

	2016 AED m	2015 AED m
AA- to AA+	36	24
A- to A+	695	927
BBB+	2,217	1,674
Lower than BBB+	489	494

(iii) Liquidity risk

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

dnata's liquidity management process is monitored by senior management and includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature.
- Maintaining rolling forecasts of dnata's liquidity position on the basis of expected cash flows.
- Monitoring liquidity ratios against internal and external regulatory requirements.
- Maintaining debt financing plans.
- Maintaining diversified credit lines, including stand-by credit facility agreements.

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

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

Description	Less than 1 year AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
2016				
Borrowings and lease liabilities	276	414	11	701
Trade and other payables (excluding customer deposits)	3,704	243	-	3,947
	3,980	**657**	**11**	**4,648**
2015				
Borrowings and lease liabilities	486	312	23	821
Derivative financial instruments	9	-	-	9
Trade and other payables (excluding customer deposits)	3,044	172	-	3,216
	3,539	**484**	**23**	**4,046**

32. Acquisitions and disposal

Acquisitions

dnata BV

On 1 September 2015, dnata acquired the cargo handling operations of Aviapartner at Amsterdam Airport Schiphol, The Netherlands, through its wholly owned subsidiary Dnata Aviation Services Limited, United Kingdom (DASL). Along with full cargo handling operations, this facility includes several specialist product lines including the Schiphol Animal Centre and Temperature Control Centre, as well as its Freighter Ramp Handling operations. Subsequent to the acquisition the business was re-named as dnata BV.

Plafond Fitout LLC

On 1 November 2015, dnata obtained 100% control of a joint venture, Plafond Fit Out LLC ("Plafond"), by acquiring the remaining 50% shares. Plafond is a Dubai based fit-out, MEP and facilities maintenance company. The step acquisition did not result in any significant fair value gain or loss (Note 10).

dnata Brazil

On 2 December 2015, dnata through its wholly owned subsidiary DASL, acquired 70% of shares in RM Services Auxiliaries de Transporte Aereo Ltd, Brazil. RM Services is a provider of auxiliary air transport services in relation to ground services, loading and unloading of luggage, airplane cleaning and general maintenance and operates from 23 airports spread across Brazil. Subsequent to the acquisition the business was re-named as dnata Brazil S/A.

Airport Handling SpA

On 21 March 2016, dnata through its wholly owned subsidiary DASL acquired a 30% of shares in Airport Handling SpA ("AH"). AH provides a variety of passenger, ramp, baggage and cargo handling services to over 60 airlines in Malpensa International Airport and Linate Airport, Italy.

DASL also entered into a call and put options arrangement to acquire an additional 40% interest at a fixed price or to sell its current 30% interest at fair value. The call option can be exercised between 18 to 26 months from the date of acquisition and the put option can be exercised within one month from the expiry date of the call option period. The amount payable on the exercise of the call option is included in trade and other payables.

Assets and liabilities arising from and recognized on the acquisition of AH has been measured on a provisional basis, pending the fair valuation of acquired net assets.

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

Description	dnata BV	Plafond Fitout	dnata Brazil	Airport Handling SpA	Total
	AED m	AED m	AED m	AED m	AED m
Property, plant and equipment (Note 8)	4	1	28	63	96
Intangible assets (Note 9)	24	23	31	-	78
Loans & receivables	-	1	-	1	2
Other current assets	23	134	14	99	270
Cash and cash equivalents	39	-	1	68	108
Deferred tax assets (Note 23)	2	-	3	-	5
Defined benefit obligations (Note 18)	(9)	-	-	-	(9)
Provisions (Note 19)	(1)	(4)	-	(2)	(7)
Deferred tax liabilities (Note 23)	(6)	-	(11)	-	(17)
Current liabilities	(28)	(114)	(35)	(110)	(287)
Non-current liabilities	-	-	(20)	-	(20)
Fair value of net assets acquired	**48**	**41**	**11**	**119**	**219**
Less: Non-controlling interest	-	-	(3)	(83)	(86)
dnata's share of net assets acquired	**48**	**41**	**8**	**36**	**133**
Goodwill (Note 9)	58	66	36	-	160
Bargain purchase	-	-	-	(6)	(6)
Total purchase consideration	**106**	**107**	**44**	**30**	**287**
Less: Cash and cash equivalents acquired	(39)	-	(1)	(68)	(108)
Less: Fair value of retained interest (Note 10)	-	(85)	-	-	(85)
Less: Contingent consideration	-	-	(16)	-	(16)
Cash outflow / (inflow) on acquisition	**67**	**22**	**27**	**(38)**	**78**

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

32. Acquisitions and disposal (continued)

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

Description	dnata BV	Plafond Fitout	dnata Brazil	Airport Handling SpA	Total
	AED m	AED m	AED m	AED m	AED m
Acquisition-related costs	2	-	2	1	5
Contribution from acquired businesses					
Revenue from acquisition date to 31 March 2016	102	128	35	-	265
Profit / (loss) from acquisition date to 31 March 2016	(1)	5	1	-	5
If the acquisition had taken place at the beginning of the year					
Revenue	168	271	99	451	989
Profit / (loss)	(6)	17	15	19	45

In the previous year, dnata acquired Stella Travel (including Stella Travel Services (UK) Ltd and Stella Global UK Ltd and obtained 100% control of a joint venture, dnata Australia Pty Ltd (previously Toll Dnata Airport Services Pty Ltd.)

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

Description	Stella Travel	dnata Australia	Total
	AED m	AED m	AED m
Fair value of net assets acquired	**(6)**	**40**	**34**
Goodwill (Note 9)	61	-	61
Total purchase consideration	**55**	**40**	**95**
Less: Cash and cash equivalents acquired	(176)	(13)	(189)
Less: Fair value of retained interest	-	(17)	(17)
Cash (inflow) / outflow on acquisition	**(121)**	**10**	**(111)**

Disposal

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

As this line of business did not constitute a significant proportion of dnata's operations, it was not classified as a discontinued operation. The gain on disposal of AED 255 m was included under other operating income in the previous year.

33. Comparatives

The following comparative figures have been reclassified to conform with the current year's presentation so that they appropriately reflect the nature of the transactions:

• Information Technology: Subsequent to the sale of dnata's information technology business in May 2014, the revenue stream comprised only of certain intercompany transactions that have been presented on a net basis which has resulted in revenue and operating costs decreasing by AED 767 m.

• Travel services: Certain discounts received from suppliers and agency related transactions have been netted off, which has resulted in both revenue and operating costs decreasing by AED 202 m.

• Others: Certain inter company transactions have been presented on a net basis to reflect the commercial substance of the relevant transactions, this has resulted in both revenue and operating costs decreasing by AED 176 m.

34. Subsequent events

On 4 April 2016 dnata acquired 100% ownership of Ground Services International, Inc. (GSI) and Metro Air Service, Inc. (Metro) based in Detroit, Michigan, United States. GSI and Metro are leading Ground Handling and United States Postal Services Handling providers; together they a have presence at 31 international airports in the United States. The purchase consideration was AED 514 m of which AED 294 m is funded through an external loan, AED 202 m is through equity and the remaining AED 18 m is contingent consideration. Management is currently assessing the fair value of net assets acquired as at the acquisition date.

On 12 April 2016 dnata acquired the remaining 50% share in Transecure LLC. The company is in the business of providing security services and leasing of labour camps. The purchase consideration is AED 55 m and management is currently assessing the value of net assets acquired.

35. 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 2016, dnata achieved a return on equity of 20.7% (2015: 19.2%).

Additional Information

Emirates ten-year overview

Consolidated income statement		**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**
Revenue and other operating income	AED m	85,044	88,819	82,636	73,113	62,287	54,231	43,455	43,266	38,810	29,173
Operating costs	AED m	76,714	82,926	78,376	70,274	60,474	48,788	39,890	40,988	34,359	25,834
- of which jet fuel	AED m	19,731	28,690	30,685	27,855	24,292	16,820	11,908	14,443	11,005	7,525
- of which employee costs	AED m	12,452	11,851	10,230	9,029	7,936	7,615	6,345	5,861	5,475	4,024
Operating profit	AED m	8,330	5,893	4,260	2,839	1,813	5,443	3,565	2,278	4,451	3,339
Profit attributable to the Owner	AED m	7,125	4,555	3,254	2,283	1,502	5,375	3,538	686	5,020	3,096
Consolidated statement of financial position											
Non-current assets	AED m	87,752	83,627	74,250	59,856	51,896	43,223	36,870	31,919	27,722	22,530
Current assets	AED m	31,427	27,735	27,354	34,947	25,190	21,867	18,677	15,530	18,790	15,428
- of which bank deposits and cash	AED m	19,988	16,885	16,561	24,572	15,587	13,973	10,511	7,168	10,360	9,123
Total assets	AED m	119,179	111,362	101,604	94,803	77,086	65,090	55,547	47,449	46,512	37,958
Total equity	AED m	32,405	28,286	25,471	23,032	21,466	20,813	17,475	15,571	16,843	13,170
- of which equity attributable to the Owner	AED m	31,909	27,886	25,176	22,762	21,224	20,606	17,274	15,412	16,687	13,040
Non-current liabilities	AED m	48,250	48,595	43,705	40,452	30,574	22,987	19,552	17,753	14,206	14,210
Current liabilities	AED m	38,524	34,481	32,428	31,319	25,046	21,290	18,520	14,125	15,463	10,578
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	14,105	13,265	12,649	12,814	8,107	11,004	8,328	5,016	7,335	5,765
Cash flow from investing activities	AED m	(2,361)	(6,411)	(4,257)	(15,061)	(10,566)	(5,092)	(577)	1,896	(8,869)	(4,749)
Cash flow from financing activities	AED m	(7,975)	(6,264)	(7,107)	1,240	(201)	(5,046)	(2,982)	(5,085)	(3,820)	(198)
Net change in cash and cash equivalents	AED m	3,769	590	1,285	(1,007)	(2,660)	866	4,769	1,827	(5,354)	818
Other financial data											
Net change in cash and cash equivalents and short term bank deposits	AED m	3,103	324	(8,011)	8,985	1,614	3,462	3,343	(3,192)	1,237	(76)
EBITDAR	AED m	24,415	20,259	17,229	13,891	10,735	13,437	10,638	8,286	9,730	7,600
Borrowings and lease liabilities	AED m	50,105	47,808	42,431	40,525	30,880	23,230	19,605	16,512	13,717	13,338
Less: Cash assets	AED m	19,988	16,885	16,561	24,572	15,587	13,973	10,511	7,368	12,715	11,594
Net debt	AED m	30,117	30,923	25,870	15,953	15,293	9,257	9,094	9,144	1,002	1,744
Capital expenditure	AED m	16,723	19,873	21,142	13,378	13,644	12,238	8,053	10,178	9,058	5,388

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		**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**
Operating margin	%	9.8	6.6	5.2	3.9	2.9	10.0	8.2	5.3	11.5	11.4
Profit margin	%	8.4	5.1	3.9	3.1	2.4	9.9	8.1	1.6	12.9	10.6
Return on shareholder's funds	%	23.8	17.2	13.6	10.4	7.2	28.4	21.6	4.4	33.8	26.0
EBITDAR margin	%	28.7	22.8	20.8	19.0	17.2	24.8	24.5	19.2	25.1	26.1
Cash assets to revenue and other operating income	%	23.5	19.0	20.0	33.6	25.0	25.8	24.2	17.0	32.8	39.7
Net debt equity ratio	%	92.9	109.3	101.6	69.3	71.2	44.5	52.0	58.7	5.9	13.2
Net debt (incl. aircraft operating leases) equity ratio	%	215.9	212.1	209.9	186.4	162.1	127.6	158.5	167.0	98.1	116.1
Net debt (incl. aircraft operating leases) to EBITDAR	%	286.5	296.2	310.3	309.1	324.1	197.6	260.3	313.9	169.9	201.2
Effective interest rate on borrowings and lease liabilities	%	3.1	3.3	3.2	3.1	3.0	2.7	2.5	3.5	5.2	5.7
Fixed to floating debt mix		92:8	85:15	94:6	90:10	89:11	89:11	83:17	61:39	68:32	63:37
Airline Operating Statistics											
Performance Indicators											
Yield	Fils per RTKM	218	245	250	249	251	232	211	254	236	216
Unit cost	Fils per ATKM	132	158	162	167	166	147	136	163	151	129
Unit cost excluding jet fuel	Fils per ATKM	97	102	97	99	97	95	94	104	101	90
Breakeven load factor	%	60.4	64.7	64.9	66.9	65.9	63.6	64.4	64.1	64.1	59.9
Fleet											
Aircraft	number	251	231	217	197	169	148	142	127	109	96
Average fleet age	months	74	75	74	72	77	77	69	64	67	63
Production											
Destination cities	number	153	144	142	133	123	112	102	99	99	89
Overall capacity	ATKM million	56,383	50,844	46,820	40,934	35,467	32,057	28,526	24,397	22,078	19,414
Available seat kilometres	ASKM million	333,726	295,740	271,133	236,645	200,687	182,757	161,756	134,180	118,290	102,337
Aircraft departures	number	199,754	181,843	176,039	159,892	142,129	133,772	123,055	109,477	101,709	92,158
Traffic											
Passengers carried	number '000	51,853	48,139	44,537	39,391	33,981	31,422	27,454	22,731	21,229	17,544
Passenger seat kilometres	RPKM million	255,176	235,498	215,353	188,618	160,446	146,134	126,273	101,762	94,346	77,947
Passenger seat factor	%	76.5	79.6	79.4	79.7	80.0	80.0	78.1	75.8	79.8	76.2
Cargo carried	tonnes '000	2,509	2,377	2,250	2,086	1,796	1,767	1,580	1,408	1,282	1,156
Overall load carried	RTKM million	36,931	34,207	31,137	27,621	23,672	22,078	19,063	15,879	14,739	12,643
Overall load factor	%	65.5	67.3	66.5	67.5	66.7	68.9	66.8	65.1	66.8	65.1
Employee											
Average employee strength-EK	number	61,205	56,725	52,516	47,678	42,422	38,797	36,652	35,812	30,177	26,228
Average employee strength-airline	number	48,023	44,571	41,471	38,067	33,634	30,258	28,686	28,037	23,650	20,273
Revenue per airline employee	AED '000	1,717	1,939	1,938	1,868	1,796	1,738	1,459	1,492	1,625	1,431

Notes :

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

dnata ten-year overview

Consolidated income statement		2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Revenue and other operating income	AED m	10,630	9,160	7,565	6,622	5,755	4,406	3,160	3,181	2,585	1,996
Operating costs	AED m	9,569	8,155	6,702	5,807	4,971	3,906	2,601	2,714	2,340	1,700
- of which employee costs	AED m	3,847	3,351	3,251	2,771	2,488	2,032	1,387	1,347	1,227	993
- of which travel services direct costs	AED m	1,951	1,458	84	n/a	n/a	n/a	n/a	n/a	n/a	n/a
- of which airport operations direct costs	AED m	949	824	883	798	699	582	442	391	234	75
- of which inflight catering direct cost	AED m	715	735	663	601	451	241	35	40	30	33
Operating profit	AED m	1,061	1,005	863	815	784	500	559	467	245	296
Profit attributable to the Owner	AED m	1,054	906	829	819	808	576	613	507	305	360
Consolidated statement of financial position											
Non-current assets	AED m	4,590	4,219	4,364	3,594	3,759	3,072	1,934	1,984	1,950	1,107
Current assets	AED m	6,388	5,427	4,303	3,977	3,360	3,328	2,704	1,963	1,992	1,846
- of which bank deposits and cash	AED m	3,465	3,148	2,434	2,396	1,999	2,083	1,982	1,350	1,383	1,403
Total assets	AED m	10,978	9,646	8,667	7,571	7,119	6,400	4,638	3,947	3,942	2,953
Total equity	AED m	5,554	4,853	4,756	4,097	3,683	3,282	3,194	2,553	2,180	1,823
- of which equity attributable to the Owner	AED m	5,387	4,788	4,674	4,028	3,614	3,209	3,194	2,553	2,180	1,823
Non-current liabilities	AED m	1,362	1,213	1,386	1,351	1,275	1,115	672	697	845	460
Current liabilities	AED m	4,062	3,580	2,525	2,123	2,161	2,003	772	697	917	670
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	1,390	1,058	1,125	1,162	1,167	901	764	481	540	531
Cash flow from investing activities	AED m	(1,076)	(697)	316	(1,910)	(431)	(1,333)	391	(71)	(1,420)	(373)
Cash flow from financing activities	AED m	(496)	(344)	(443)	(343)	(718)	(96)	(73)	(68)	224	(46)
Net change in cash and cash equivalents	AED m	(182)	17	998	(1,091)	18	(528)	1,082	342	(656)	113
Other financial data											
Cash assets	AED m	3,465	3,148	2,434	2,396	1,999	2,083	1,982	1,350	1,383	1,403

Notes :
1. The ten-year overview has been extracted from the audited financial statements which have been drawn up in compliance with IFRS. New Standards and amendments to existing IFRS have been adopted on the effective dates applicable to dnata.
2. Comparative figures are restated, where applicable, according to IFRS rules i.e. only the immediately preceding year's figures are restated and figures beyond that year have not been amended.
3. Travel services direct costs are arising from the acquisitions of Stella Travel in 2014-15 and Gold Medal Travel Group in 2013-14.

Key ratios		**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**
Operating margin	%	10.0	11.0	11.4	12.3	13.6	11.3	17.7	14.7	9.5	14.8
Profit margin	%	9.9	9.9	11.0	12.4	14.0	13.1	19.4	15.9	11.8	18.0
Return on shareholder's funds	%	20.7	19.2	19.1	21.4	23.7	18.0	21.3	21.4	15.2	22.0
Employee											
Average employee strength	number	34,117	27,428	22,980	20,229	18,356	17,971	13,298	12,434	11,640	9,832
Revenue per employee*	AED '000	333	399	356	327	322	323	266	256	241	210
Performance Indicators											
Airport											
Aircraft handled*	number	389,412	298,298	288,335	264,950	253,434	232,585	192,120	177,495	119,510	109,648
Cargo handled*	tonnes '000	2,056	1,671	1,604	1,570	1,543	1,494	1,121	1,003	633	535
Man hours per turn	hours	122	138	135	132	132	122	115	124		
Aircraft handled per employee*	number									21	20
Cargo handled per man hour	kgs	260	225	270	286	289	283	277	241		
Cargo handled per employee*	kgs '000									611	564
Catering											
Meals uplifted	number '000	57,062	57,687	41,275	28,584	26,708	11,743				
Travel services											
Total transaction value (TTV)	AED m	11,747	9,782	5,892	5,357	2,630	1,610	1,559			

* Figures for 2007-08 and 2006-07 exclude subsidiaries.

Notes :

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

Group ten-year overview

Financial highlights		2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Revenue and other operating income*	AED m	92,896	96,053	87,766	77,536	66,149	57,224	45,405	45,231	40,446	30,387
Operating costs*	AED m	83,505	89,155	82,643	73,882	63,552	51,281	41,281	42,486	35,750	26,758
Operating profit	AED m	9,391	6,898	5,123	3,654	2,597	5,943	4,124	2,745	4,696	3,634
Operating margin	%	10.1	7.2	5.8	4.7	3.9	10.4	9.1	6.1	11.6	12.0
Profit attributable to the Owner	AED m	8,179	5,461	4,083	3,102	2,310	5,951	4,151	1,193	5,325	3,456
Profit margin	%	8.8	5.7	4.7	4.0	3.5	10.4	9.1	2.6	13.2	11.4
Dividend	AED m	2,500	2,569	1,026	1,000	850	2,208	1,556	2,001	1,000	400
Financial position											
Total assets**	AED m	129,989	120,886	110,100	102,188	84,127	71,402	60,147	51,358	50,322	40,861
Cash assets	AED m	23,453	20,033	18,995	26,968	17,586	16,056	12,493	8,718	14,003	12,902
Employee data											
Average employee strength	number	95,322	84,153	75,496	67,907	60,778	56,768	49,950	48,246	41,817	36,060

* After eliminating inter company income/expense of the year

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

Notes :

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

Group companies of Emirates

Air transportation and related services

Emirates

- 100% Emirates SARL (Cote d'Ivoire)
- 100% The High Street LLC (UAE)
- 100% Transguard Aviation Security LLC (UAE)
- 50% CAE Flight Training (India) Pvt Ltd
- 50% CAE Middle East Holding Ltd (UAE)
  - 50% CAE Simulation Training Pvt Ltd (India)
- 50% Emirates - CAE Flight Training LLC (UAE)

Inflight catering services

Emirates

- 90% Emirates Flight Catering Co. LLC (UAE)

Consumer goods

Emirates

- 100% Maritime and Mercantile International Holding LLC (UAE)
  - 100% Maritime and Mercantile International Maldives Pvt Ltd
  - 100% Queen OS Trading FZE (UAE)
  - 68.7% Maritime and Mercantile International LLC (UAE)
    - 100% Duty Free Dubai Ports FZE (UAE)
    - 100% Harts International LLC (UAE)
    - 100% Harts International Retailers (M.E.) FZE (UAE)
    - 100% Maritime and Mercantile International FZE (UAE)
    - 70% Oman United Agencies LLC (Oman)
      - 92.5% Sohar Catering and Supplies LLC (Oman)
      - 67.1% Onas Trading LLC (Oman)
    - 50% Sirocco FZCO (UAE)
    - 49% Fujairah Maritime and Mercantile International LLC (UAE)
  - 50% Focus Brands Ltd (BVI)
  - 50% MMI Tanzania Ltd
  - 49% Independent Wine and Spirit (Thailand) Co. Ltd
  - 40% Zanzibar Maritime and Mercantile International Co. Ltd.
  - 38% Dynamic Brands Pvt Ltd (India)

Hotel operations, food and beverage operations and others

Emirates

- 100% Emirates Hotels (Australia) Pty Ltd
- 100% Emirates Hotel LLC (UAE)
- 100% Emirates Land Development Services LLC (UAE)
- 100% Emirates Leisure Retail (Holding) LLC (UAE)
  - 100% Emirates Leisure Retail (Australia) Pty Ltd
    - 100% ELRA Properties Pty Ltd (Australia)
    - 100% Hudcom Pty Ltd (Australia)
    - 100% Hudsons Adelaide Airport Pty Ltd (Australia)
    - 100% Hudsons Airport Launceston Pty Ltd (Australia)
    - 100% Hudsons Albury Pty Ltd (Australia)
    - 100% Hudsons Bendigo Pty Ltd (Australia)
    - 100% Hudsons Bourke Spring Pty Ltd (Australia)
    - 100% Hudsons Elizabeth (Melb) Pty Ltd (Australia)
    - 100% Hudsons Epworth Richmond Pty Ltd (Australia)
    - 100% Hudsons Gawler Pty Ltd (Australia)
    - 100% Hudsons George (Bris) Pty Ltd (Australia)
    - 100% Hudsons Grenfell Currie Pty Ltd (Australia)
    - 100% Hudsons Hospital Australia Pty Ltd (Australia)
    - 100% Hudsons Hospitals Nth Adelaide Pty Ltd (Australia)
    - 100% Hudsons Hospitals S.A. Pty Ltd (Australia)
    - 100% Hudsons Hospitals Victoria Pty Ltd (Australia)
    - 100% Hudsons King William Pty Ltd (Australia)
    - 100% Hudsons Launceston Pty Ltd (Australia)
    - 100% Hudsons Little Collins Flinders Pty Ltd (Australia)
    - 100% Hudsons Liverpool Pty Ltd (Australia)
    - 100% Hudsons Murray Pty Ltd (Australia)
    - 100% Hudsons Myer Stores Pty Ltd (Australia)
    - 100% Hudsons Shepparton Pty Ltd (Australia)
    - 100% Hudsons WA Airports Pty Ltd (Australia)
    - 100% Hudsons William Pty Ltd (Australia)
  - 100% Emirates Leisure Retail (Singapore) Pte Ltd
  - 68.7% Emirates Leisure Retail LLC (UAE)
    - 100% Community Club Management FZE (UAE)
- 51% Premier Inn Hotels LLC (UAE)
  - 49% Premier Inn Hotels Qatar WLL (Qatar)

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.

Group companies of dnata

Airport Operations

dnata

- 100% dnata Airport Services Pty Ltd (Australia)
- 100% Dnata Aviation Services GmbH (Austria)
  - 100% Dnata Gmbh (Austria)
    - 100% Dnata Switzerland AG
      - 30% GVAssistance SA (Switzerland)
- 100% dnata Aviation Services Holdings Limited (UAE)
- 100% Dnata Aviation Services Limited (UK)
  - 100% Airline Cleaning Services Pty Ltd (Australia)
  - 100% dnata Aviation Services US Inc. (USA)
  - 100% dnata BV (The Netherlands)
  - 100% dnata Limited (UK)
    - 100% dnata Cargo Limited (UK)
    - 100% dnata Ground Limited (UK)
    - 22.6% Airport Bureau Systems Ltd (UK)
  - 70% dnata Brazil S/A (Brazil)
  - 30% Airport Handling SpA (Italy)
- 100% dnata, Inc. (Phillippines)
- 100% Dnata International Airport Services Pte Ltd (Singapore)
  - 100% CIAS International Pte Ltd (Singapore)
    - 100% dnata Singapore Pte Ltd (Singapore)*
      - 20% Guangzhou Baiyun International Airport Ground Handling Services Co Ltd (P. R. China)
        - 75% Guangzhou Baiyun International Airport Facilities Management & Operation Corp Ltd (P. R. China)
        - 70% Guangzhou Baiyun International Airport Clearing Services Corp Ltd (P. R. China)
- 100% Marhaba Bahrain SPC
- 80% Dnata Airport Services Kurdistan Ltd (Cayman Islands)
  - 100% Dnata for Airport Services Ltd. (Iraq)
- 50% Gerry's Dnata (Private) Ltd (Pakistan)
- 50% India Premier Services Pvt Ltd (India)

Catering

dnata

- 100% Dnata Catering Services Limited (UK)
  - 100% Alpha Flight Group Ltd (UK)
    - 100% Alpha Flight a.s. (Czech Republic)
    - 100% Alpha Flight Ireland Ltd
    - 100% Alpha Flight Services Pty Ltd (Australia)
      - 100% Alpha ATS Pty Ltd (Australia)
    - 100% Alpha Flight UK Ltd
    - 100% Alpha Flight US Inc.
      - 100% Alpha In-flight US LLC
    - 100% dnata srl (Italy)
    - 64.2% dnata Catering SA (Romania)
    - 50% Alpha LSG Ltd (UK)
    - 49% Alpha Flight Services UAE LLC
    - 35.9% Jordan Flight Catering Company Ltd
    - 28.7% Silver Wings OOD (Bulgaria)
      - 99.2% Consortium Alpha DZZD (Bulgaria)
  - 80% En Route International Ltd (UK)
    - 100% En Route International Australia Pty Ltd
    - 100% En Route International Japan Ltd (Japan)
    - 100% En Route International Limited (Hong Kong)
    - 100% En Route International South Africa (Pty) Ltd
    - 100% En Route International USA, Inc.
    - 49% En Route International General Trading LLC (UAE)
  - 50% Mountainfield Investments (Pty) Ltd (South Africa)
    - 100% dnata Newrest (Pty) Ltd (South Africa)

* Also provides catering services

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.

Group companies of dnata

Travel services

dnata / dnata World Travel

- 100% Al Hidaya Travel & Tourism WLL (Bahrain)
- 100% Cleopatra International Travel WLL (Bahrain)
- 100% dnata International Pvt Ltd (India)
  - 100% dnata Marketing Services Pvt Ltd (India)
- 100% dnata Travel Holdings UK Limited
  - 100% Gold Medal International Limited (UK)
    - 100% Airline Network plc (UK)
    - 100% Gold Medal Travel Group plc (UK)
      - 100% Gold Medal Transport Ltd (UK)
  - 100% Stella Global UK Limited
    - 100% The Global Travel Group Limited (UK)
      - 100% Personalised Travel Services Limited (UK)
      - 100% Sunmaster Limited (UK)
  - 100% Stella Travel Services (UK) Limited
    - 100% Travel 2 Limited (UK)
    - 100% Travelbag Limited (UK)
- 100% dnata Travel Inc. (Philippines)
- 100% Dnata Travel (UK) Limited
- 100% dnata World Travel Limited (UK)
  - 100% Travel Technology Investments Limited (UK)
    - 100% Travel Republic Holdings Limited (UK)
      - 100% Travel Republic Limited (UK)
- 100% Maritime and Mercantile International Travels LLC (UAE)
  - 50% Oman United Agencies Travel LLC (Oman)
    - 100% Sama Travel & Services International LLC (Oman)
    - 50% Moon Travel LLC (Oman)
- 100% Najm Travel LLC (UAE)
- 100% Travel Partners LLC (UAE)
- 75% Super Bus Tourism LLC (UAE)
- 70% dnata Travel Limited (Saudi Arabia)
- 51% Imagine Enterprise Limited (UK)
  - 100% Imagine Cruising Limited (UK)
    - 100% Imagine Transport Limited (UK)
  - 100% Imagine Cruising (Pty) Ltd (South Africa)
- 50% Al Tawfeeq Travel (Dnata Travels) LLC (Qatar)
- 50% Dunya Travel LLC (UAE)
- 50% Najm Travels LLC (Afghanistan)
- 50% Travel Counsellors LLC (UAE)
- 22% Hogg Robinson Group Plc (UK)

Freight forwarding services

dnata

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

Others

dnata

- 100% Plafond Fit Out LLC (UAE)
  - 100% Hashtings Group LLC (UAE)
- 50% Transguard Group LLC (UAE)
  - 100% CASS International General Trading LLC (UAE)
  - 50% Transguard Cash LLC (UAE)
  - 100% Transguard Group International LLC (UAE)
    - 100% Transguard Group Cash KSA LLC (UAE)
  - 100% Transguard SPS LLC (UAE)
  - 100% Transguard Themis LLC (UAE)
- 50% Transecure LLC (UAE)
- 17.1% Canary Topco Ltd (UK)
  - 100% Canary Midco Ltd (UK)
    - 100% Mercator Solutions FZE (Dubai)

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.

Glossary

A

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

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

B

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

C

Capacity – see ATKM

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

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

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

D

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

E

EBITDAR – Operating profit before depreciation, amortisation and aircraft operating lease rentals.

EBITDAR margin – EBITDAR expressed as a percentage of the sum of revenue and other operating income.

Equity ratio – Total equity divided by total assets.

F

Fixed to 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.

M

Man hours per turn – Manhours to handle an aircraft arrival and departure.

N

Net debt – Borrowings and lease liabilities (current and non-current) net of cash assets.

Net debt equity ratio – Net debt in relation to total equity.

Net debt including aircraft operating leases - The sum of net debt and the capitalised value of aircraft operating lease costs.

O

Operating cash margin – Cash generated from operating activities expressed as a percentage of the sum of revenue and other operating income.

Operating margin – Operating profit expressed as a percentage of the sum of revenue and other operating income.

Overall load factor – RTKM divided by ATKM.

P

Passenger seat factor – RPKM divided by ASKM.

Passenger yield (Fils per RPKM) – Passenger revenue divided by RPKM.

Profit margin – Profit attributable to the Owner expressed as a percentage of sum of revenue and other operating income.

R

Return on shareholder's funds – Profit attributable to the Owner expressed as a percentage of shareholder's funds.

RPKM (Revenue Passenger Kilometre) – Number of passengers carried multiplied by the distance flown.

RTKM (Revenue Tonne Kilometre) – Actual traffic load (passenger and cargo) carried measured in terms of tonnes multiplied by the distance flown.

S

Shareholder's funds – Average of opening and closing equity attributable to the Owner.

T

Total revenue – Sum of revenue and other operating income.

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

Traffic – see RTKM

Transport revenue – The sum of passenger, cargo and excess baggage revenue.

U

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

Y

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

THE EMIRATES GROUP

Emirates, P.O. Box 686, Dubai, United Arab Emirates, emirates.com
dnata, P.O. Box 1515, Dubai, United Arab Emirates, dnata.com
ekgroup.com