
Emirates
dnata
THE EMIRATES GROUP
ANNUAL REPORT 2019-20

HIS HIGHNESS SHEIKH MOHAMMED BIN RASHID AL MAKTOUM

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

As I write this message, the world is battling with unprecedented challenges wrought by the COVID-19 pandemic. This pandemic has impacted industries and communities all around the world at a speed, scale and severity that no-one could have foreseen.

While scientists race to decode the virus and develop a vaccine, governments and businesses are working hard to find the best approach to protect lives, while protecting livelihoods.

Globally, travel and aviation are amongst the most impacted industries as countries close borders, suspend flights, and impose stringent travel restrictions as part of their pandemic containment measures.

Crises often bring out the best in people, acting as catalysts for selfless giving and collaboration across borders. In this regard, the UAE continues to do everything it can to support the international community in its fight against the COVID-19 pandemic. As of April 2020, the UAE has donated more than 450 tonnes of aid to 27 countries in Europe, Africa, Asia and the Americas.

In the UAE, we have always regarded ourselves as part of a global community. We're a nation that welcomes the world to visit, live, work, study, or collaborate on projects that contribute to human progress. We firmly believe that when like-minded nations and institutions come together, we can achieve extraordinary results.

Our lives will be different after the COVID-19 pandemic. We don't yet know the full extent of change, but it's clear that the world is already being reshaped to varying degrees. This is an opportunity for us collectively to lay the groundwork to ensure a better future. Partnerships between the government and citizens, and between the public and private sectors will be key to achieving economic and social resilience, and ensuring sustainable development.

Dubai's aim is to create a prosperous city for future generations, where everyone can achieve their dreams and aspirations, contribute their talent and innovation, access economic opportunities, and enjoy a good quality of life. This vision is laid out in our 50 year charter, and each year we outline key initiatives to deliver on our goals.

By connecting Dubai to the world, and bringing the world together through Dubai, the Emirates Group will continue to play a key role as we work towards our vision.

I am confident that Emirates and dnata will emerge from this difficult period, strong and ready to reclaim their position as global leaders shaping the future of the aviation, travel and tourism industries, and to continue contributing outstanding services to the people and to the world.

OVERVIEW
EMIRATES
DNATA
GROUP
FINANCIAL INFORMATION
ADDITIONAL INFORMATION

Emirates is a global airline, serving 155 airports in 81 countries from its hub in Dubai, United Arab Emirates.

dnata is one of the world's largest combined air services providers in the world, serving over 320 airline customers in 37 countries. 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.


Emirates
dnata
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FINANCIAL HIGHLIGHTS

Emirates Group

Financial highlights		2019-20	2018-19	% change
Revenue and other operating income*	AED m	104,002	109,255	(4.8)
Operating profit	AED m	6,915	3,925	76.2
Operating margin	%	6.6	3.6	3.0 pts
Profit attributable to the Owner	AED m	1,674	2,316	(27.7)
Profit margin	%	1.6	2.1	(0.5) pt
Financial position				
Total assets**	AED m	188,461	142,267	32.5
Cash assets	AED m	25,565	22,159	15.4
Employee data				
Average employee strength	number	105,730	105,286	0.4

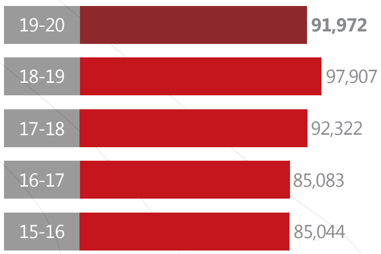
* After eliminating inter company income/expense of AED 2,730m in 2019-20 (2018-19: AED 3,071m).

** After eliminating inter company receivables/payables of AED 304m in 2019-20 (2018-19: AED 222m).

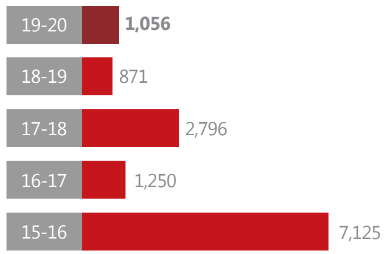
Percentages and ratios are derived based on the full figure before rounding.

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

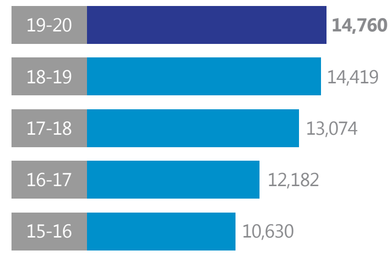
Revenue and operating income in AED m



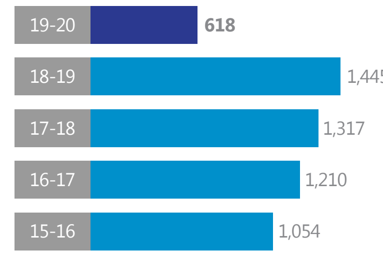
Profit attributable to the Owner in AED m



Revenue and operating income in AED m



Profit attributable to the Owner in AED m



Emirates

Financial highlights		2019-20	2018-19	% change
Revenue and results				
Revenue and other operating income	AED m	91,972	97,907	(6.1)
Operating profit	AED m	6,408	2,647	142.1
Operating margin	%	7.0	2.7	4.3 pts
EBITDAR	AED m	25,852	23,977	7.8
EBITDAR margin	%	28.1	24.5	3.6 pts
Profit attributable to the Owner	AED m	1,056	871	21.2
Profit margin	%	1.1	0.9	0.2 pt
Return on shareholder's funds	%	3.5	2.4	1.1 pts
Financial position				
Total assets	AED m	172,062	127,398	35.1
Cash assets	AED m	20,249	17,037	18.9
Net debt (including aircraft operating lease*) to equity ratio	%	381.2	209.8	171.4 pts
Airline operating statistics				
Passengers carried	number '000	56,162	58,601	(4.2)
Cargo carried	tonnes '000	2,389	2,659	(10.2)
Passenger seat factor	%	78.5	76.8	1.7 pts
Overall capacity	ATKM million	58,584	63,340	(7.5)
Available seat kilometres	ASKM million	367,153	390,775	(6.0)
Aircraft	number	270	270	-
Employee data				
Average employee strength	number	59,519	60,282	(1.3)

dnata

Financial highlights		2019-20	2018-19	% change
Revenue and results				
Revenue and other operating income	AED m	14,760	14,419	2.4
Operating profit	AED m	507	1,278	(60.3)
Operating margin	%	3.4	8.9	(5.5) pts
Profit attributable to the Owner	AED m	618	1,445	(57.2)
Profit margin	%	4.2	10.0	(5.8) pts
Return on shareholder's funds	%	7.6	19.2	(11.6) pts
Financial position				
Total assets	AED m	16,703	15,091	10.7
Cash assets	AED m	5,316	5,122	3.8
Key operating statistics				
Aircraft handled	number	680,867	698,739	(2.6)
Cargo handled	tonnes '000	2,929	3,091	(5.2)
Meals uplifted	number '000	93,492	70,889	31.9
Travel services: Total Transaction Value (TTV)	AED bn	10.8	11.5	(6.2)
Employee data				
Average employee strength	number	46,211	45,004	2.7

*pertains to year 2018-19. From 1 April 2019, with the adoption of IFRS 16, applicable off-balance sheet leases have been capitalised on the consolidated statement of financial position and related lease liability is included in net debt.

HH SHEIKH AHMED BIN SAEED AL MAKTOUM

Chairman and Chief Executive
Emirates Airline & Group

For the first 11 months of 2019-20, we were well on track to deliver against our business targets. Emirates and dnata businesses were performing strongly in line with our plans and forecast. Things changed rapidly from mid-February and through March as the COVID-19 pandemic swept across the globe, resulting in a sudden and tremendous drop in demand for international air travel as countries closed their borders and imposed stringent travel restrictions.

During that period, operational requirements evolved daily as health and aviation regulators learnt more about the new virus and implemented different strategies to contain the spread of the outbreak. Emirates and dnata took swift action to respond to the dynamic situation, always prioritising the health and safety of our people and our customers.

AED
1.7bn
32ND CONSECUTIVE YEAR OF PROFIT FOR THE GROUP

On 25 March, the UAE government suspended all scheduled passenger flights as part of the country's pandemic response. While this suspension has hit Emirates and dnata in an unprecedented way, we are in full support of these measures which aim to safeguard the UAE and international community.

The Emirates Group has recorded its 32nd consecutive year of profit in 2019-20, on account of its solid performance during the first three quarters of the year. We also ended the year with a healthy cash balance of AED 25.6 billion.

Even without a pandemic, global aviation and travel demand patterns have always been vulnerable to a multitude of external factors whether competitive, geo-political, or socio-economic. Emirates and dnata have managed to adeptly navigate these challenges, and acted quickly whenever there were opportunities.

Over the year, a further strengthening of the US dollar against most major currencies eroded our profits by AED 1 billion. Lower average oil prices however, provided some respite. We also saw a decline in operating capacity which led to lower revenues for Emirates and dnata.

Lower revenue were the result of the COVID-19 pandemic in the last quarter, as well as the planned 45-day southern runway closure and refurbishment at Dubai International airport (DXB) in the first quarter where Emirates had to operate a reduced flying programme, and dnata's UAE airport operations similarly saw reduced traffic at DXB.

In 2019-20, the Group continued to build its capability with investments totalling AED 11.7 billion for new facilities, aircraft, and technology. We also built on our innovation eco-system, with active participation in programmes like Intelak, Dubai Future Accelerators, and the Aviation X Lab that support entrepreneurs, start-ups and SMEs in developing innovative solutions for the aviation and travel industry.

The diverse and talented Emirates Group workforce has always been a key ingredient to our success and we've continued to invest in our people through various training and professional development programmes. A highlight this year was the launch of Sehaty, our Group-wide health and wellbeing programme that aims to foster a culture of health across our organisation.

EMIRATES AIRLINE

Emirates carried 56.2 million passengers in 2019-20, a drop of 4% compared to the previous year. However our seat load factor rose to 78.5%, against last year's 76.8%, due to the reduction and consolidation of capacity during the 45-day runway closure at DXB as well as more efficient capacity utilisation throughout the year.

In combination with lower fuel prices, healthy demand for our award winning products and services, particularly in the second and third quarters of the year, helped drive a 21% increase in profit for the airline to AED 1.1 billion.

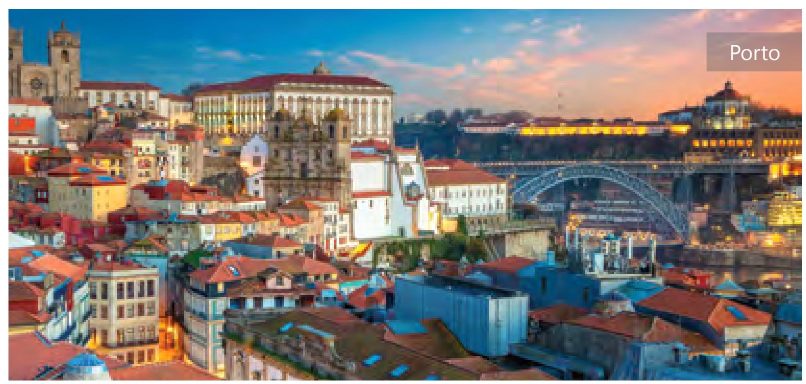
56.2m
PASSENGERS CARRIED

AED 11.7bn
INVESTED IN NEW FACILITIES, AIRCRAFT, AND TECHNOLOGY

EMIRATES ENDED THE YEAR WITH A HEALTHY CASH BALANCE OF

AED

20.2bn



Porto

Emirates ended 2019-20 with a strong cash balance of AED 20.2 billion.

During the year, we've expanded our global network with the launch of new routes including Mexico via Barcelona; Porto, our second destination in Portugal; and a daily service between Bangkok and Phnom Penh. In addition, we entered a codeshare partnership with Spicejet that will offer our customers more connectivity options in India. In October, Emirates and flydubai marked two years of strategic partnership with more than 5.3 million passengers having benefited from seamless connections between both airlines' networks to date.

Emirates' overall fleet remained unchanged at 270 units, as we received delivery of six new Airbus A380s during 2019-20, and retired six older aircraft. At the 2019 Dubai Air Show, we placed a US$ 16 billion order for 50 Airbus A350 XWBs, and a US$ 8.8 billion order for 30 Boeing 787 Dreamliner aircraft. With first deliveries expected in 2023, these new aircraft will add to Emirates' current fleet mix, and provide us with more deployment flexibility within our long-haul hub model. In line with our long-standing strategy to operate a modern and efficient fleet, these new aircraft will also keep our fleet age well below the industry average.

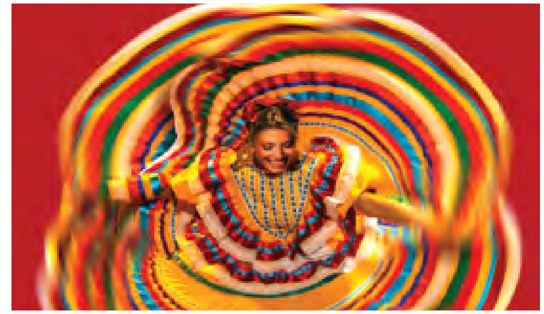
During the year, Emirates continued to invest in our products and services to offer our customers even better experiences online, onboard, and on the ground. Key highlights include the launch of our first remote check-in terminal at Dubai's Port Rashid to provide smooth sea-air connections for cruise travellers; the launch of EmiratesRED, our revamped inflight retail offering; and innovative enhancements to our Emirates app as customers increasingly choose to interact with us via their mobile devices.

For our frequent flyers, we launched Skywards Exclusives which offers access to Emirates' unique, money-can't-buy sponsorship experiences; and Skywards Everyday, a location based app that gives members the power to earn Skywards Miles at more than 1,000 retail, entertainment and dining outlets across the UAE.

Emirates SkyCargo carried 10% less cargo by volume this year, with the reduction of bellyhold capacity during the runway closure at DXB, and the retirement of a Boeing 777 freighter aircraft.

Despite lingering weakness in the air freight market for most of 2019-20, Emirates SkyCargo continued to win over customers with its bespoke capabilities, a result of previous years' investments to develop custom products and services for key industry verticals such as pharmaceuticals, fresh produce, animal transport, and precious cargo.

During the year, Emirates Skycargo strengthened our pharma capabilities with the opening of new facilities in Chicago and Copenhagen. In October, we launched Emirates Delivers, an e-commerce platform that helps individual customers and small businesses consolidate online purchases in the US and have them delivered in the UAE. More origin and destination markets are being planned in the future, leveraging Dubai as a hub for regional e-commerce fulfilment.



WE PLACED AN ORDER FOR 50 A350 XWBs, AND 30 BOEING 787 DREAMLINER AIRCRAFT, WORTH

US$ 24.8bn

2 years

OF SUCCESSFUL PARTNERSHIP BETWEEN EMIRATES AND FLYDUBAI

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DNATA ENDED THE YEAR WITH A HEALTHY CASH BALANCE OF

AED
5.3bn

dnata

For 2019-20, dnata posted a 2% increase in total revenue to AED 14.8 billion, which reflects contributions from further business growth, particularly in our catering division. dnata's international business now accounts for 72% of its overall revenue.

dnata reported a profit of AED 618 million, which includes a AED 216 million gain from the sale of our minority stake in Accelya, an IT company. However, dnata saw profitability drop 57% compared to the previous year. Without the one-time divestment of our stake in Accelya, profits would have dropped 72%. This reflects our increased cost incurred as we invested in new facilities for our catering and airport operations businesses, and the challenging business landscape for dnata's Travel division. In addition, dnata saw a negative currency impact of AED 54 million to our bottom line.

We ended 2019-20 with a healthy cash balance of AED 5.3 billion.

Our airport operations division saw a slight drop in aircraft handled (-3%) and cargo handled (-5%), with reduced flight operations at DXB during the runway closure in the first quarter, and a rapid decline in passenger flight operations across markets due to the COVID-19 pandemic in the last quarter.

During the year, dnata continued to strengthen our international airport operations. We expanded our passenger and ground handling operations in Houston, New York JFK and Washington DC on the back of customer demand, and inaugurated new cargo capabilities in Brussels and London Heathrow.

dnata's hospitality brand, marhaba, opened an expanded and refurbished lounge at Dubai International airport, and expanded its international network with a new lounge in Singapore's Changi Airport.

In December, we completed the UAE's first green turnaround of a flydubai aircraft at DXB, an achievement made possible by previous investments in zero-emission, electric ramp ground support equipment.

Our catering business had an eventful year in 2019-20, with the launch of our first catering operations in Canada in Vancouver, as well as new operations in Houston, Boston, Los Angeles, and San Francisco. We invested in these new stations to increase our footprint and capabilities in North America, where we saw potential growth. Unfortunately the COVID-19 pandemic in the last quarter brought these budding operations to a temporary halt. During the year, we also announced plans for a new catering facility in Manchester, UK, and a significant partnership to manage Aer Lingus' catering operations and to serve all its flights out of Dublin, Ireland.

In March, we became sole shareholder of Alpha LSG, bringing the UK's biggest inflight catering, on-board retail and logistics company, fully into the dnata portfolio.

In 2019-20, dnata Catering uplifted a record 93.5 million meals, up 32% from the previous year. This reflected the full year contribution of our acquisition of Qantas' catering businesses in Australia last year, and our expanded operations in the US.

Our Travel division has had a tough year. We saw persistently weak travel demand and business performance, particularly in our B2C units in the UK and Europe. This led us to initiate a strategic business review of our entire Travel portfolio, with a view to restructure our business and refocus our market proposition. Part of this review is an impairment charge of AED 132 million in our UK travel B2C brands. The review will be completed in the first quarter of 2020-21.

The picture is slightly different for our Travel business in the UAE and GCC region, where we added to our retail network in the UAE with the opening of new service outlets. We also launched REHLATY, a new travel brand designed by Emiratis for the Emirati traveller.

Similar to other parts of our business, our Travel division was hit in the last quarter by a sharp and sudden decline in travel demand due to the COVID-19 pandemic, with corporate and retail customers seeking refunds for their disrupted travel plans.

93.5m

MEALS UPLIFTED BY DNATA CATERING, A NEW RECORD

We supported communities around the world through the Emirates Airline Foundation and dnata4good

SUSTAINABILITY

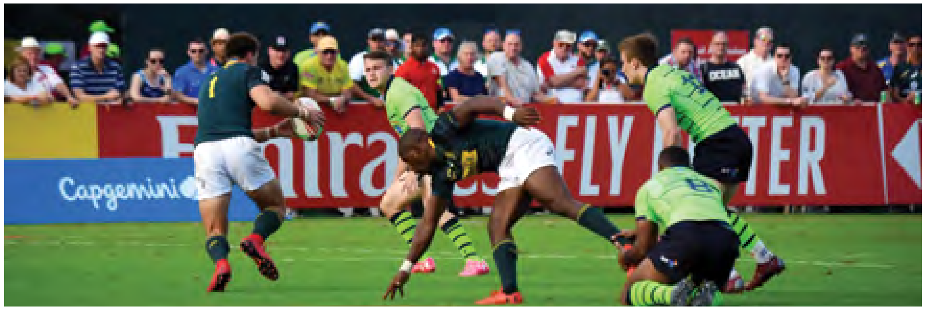
We've been publishing our environmental performance data since 2010-11. This year we took the decision to incorporate our Group environmental reporting into our annual financial report. By combining both reports, we aim to provide a more holistic picture of our overall performance, and to provide better context for our environmental data.

The Emirates Group is committed to environmental stewardship. This year, we've updated our Environmental Framework to focus our business-wide efforts on three areas: reducing emissions, consuming responsibly, and preserving fragile habitats and endangered wildlife.

We progressed on many of our environmental initiatives in 2019-20, and we've continued to reduce fuel burn and emissions through the ongoing efforts of our fuel efficiency programme. A key highlight for the year was the commitment we've made to reduce single-use plastics on board our aircraft, as well as in our airport lounges, catering operations, and other facilities on the ground.

Through the Emirates Airline Foundation and dnata4good, we've partnered with organisations around the world to improve the quality of life for children, promote wildlife conservation, and raise funds to support communities - including rebuilding efforts in Australia after the devastating bushfires.

We've also continued to contribute to vibrant communities, and engage with our customers through our sponsorships of arts, cultural and sporting events around the world. It was a calendar year for rugby, as Emirates, the Official Worldwide Partner of the Rugby World Cup 2019, helped bring the sport closer to fans through various sponsorship activation initiatives. In December, we marked the 50th anniversary of the Emirates Airline Dubai Rugby Sevens, the longest running sports event in the UAE, and one that we are proud to have helped grow from humble beginnings to a world-class tournament and festival showcase of the sport of rugby.



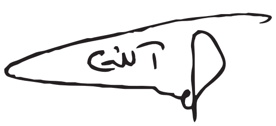
OUTLOOK FOR 2020-21

At this time of writing, international passenger flights to and from the UAE remain suspended, most countries are still under lockdown, and strict travel restrictions remain in place. It is unclear when these restrictions will be eased or lifted, not only in the UAE but also in our major markets. Most projections show that international air travel will resume in gradual phases and it will take at least 18 months before air traffic recovers to pre-pandemic levels.

In the last quarter of 2019-20, Emirates raised additional liquidity through term loans, revolving credit and short term trade facilities to the tune of AED 4.4 billion. This is a testament to the financial community's confidence in the strength of our business model, and mid-longer term prospects. We will continue to tap the bank market for further liquidity in the first quarter of 2020-21 to provide a cushion for the impact of COVID-19 on business cash flows in the short term.

We remain actively engaged with regulatory and industry organisations, even as new operational protocols are being proposed and developed to assure the health and safety of our customers, and our crew and ground employees when flying resumes. Emirates and dnata have taken all necessary measures to protect our skilled workforce and safeguard our business, while planning for business resumption.

We stand ready to reactivate our operations to serve our customers, as soon as circumstances allow.

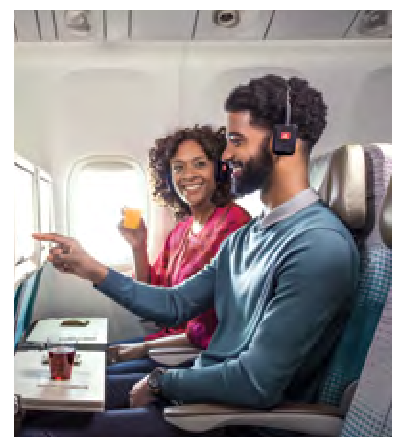


HH Sheikh Ahmed bin Saeed Al Maktoum
Chairman and Chief Executive
Emirates Airline & Group

EMIRATES RAISED ADDITIONAL LIQUIDITY THROUGH TERM LOANS, REVOLVING CREDIT AND SHORT TERM TRADE FACILITIES TO THE TUNE OF

AED

4.4bn



HH SHEIKH AHMED BIN SAEED AL MAKTOUM

Chairman and Chief Executive
Emirates Airline & Group

LEADERSHIP

SIR TIM CLARK

President
Emirates Airline

GARY CHAPMAN

President
Group Services & dnata

ADEL AHMAD AL REDHA

Chief Operating Officer
Emirates Airline

ADNAN KAZIM

Chief Commercial Officer
Emirates Airline

ABDULAZIZ AL ALI

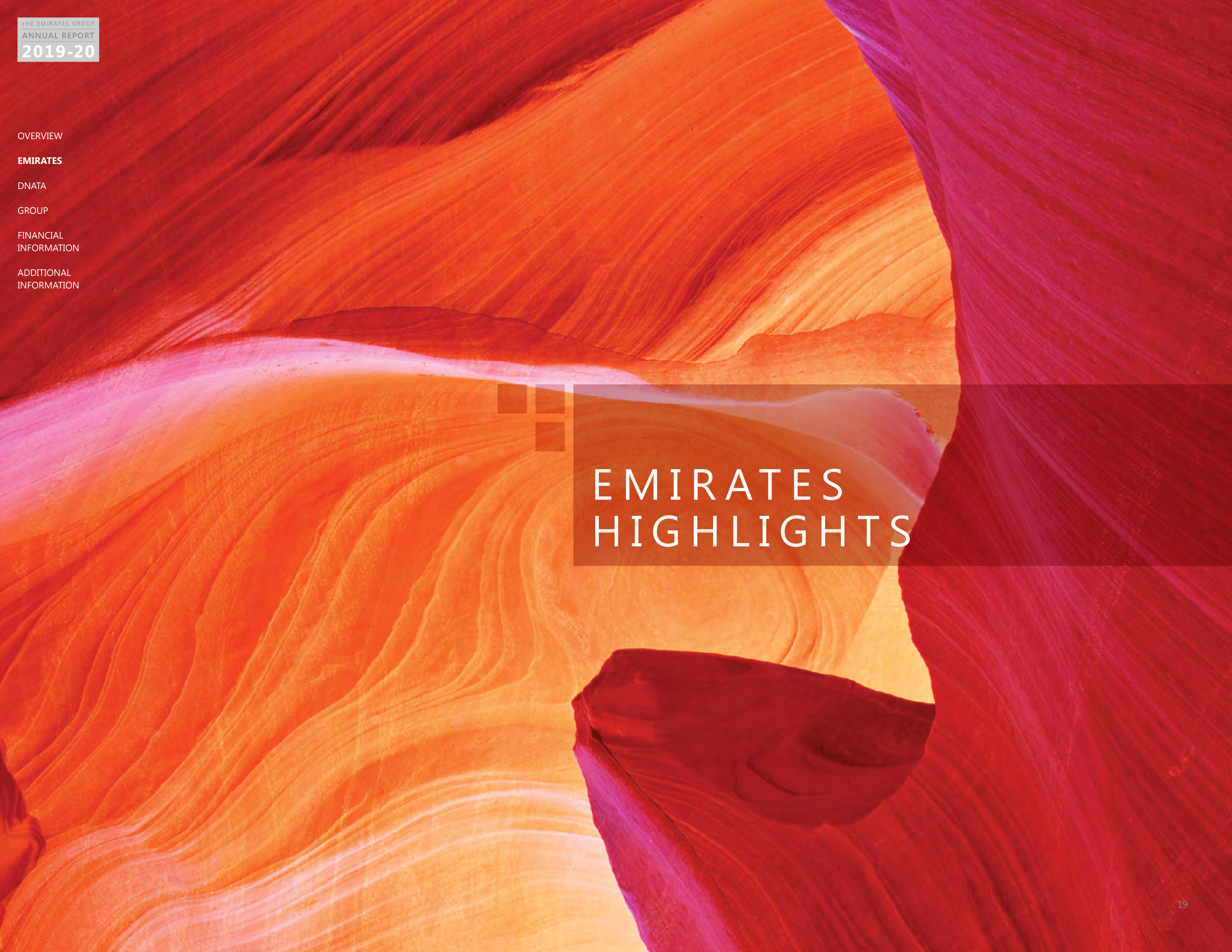
Executive Vice President
Human Resources
Emirates Group

ALI MUBARAK AL SOORI

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

NIGEL HOPKINS

Executive Vice President
Service Departments
Emirates Group



EMIRATES HIGHLIGHTS

NETWORK AND FLEET

During 2019-20, we added new destinations to our network, and expanded our global connectivity through strategic codeshare partnerships that offer our customers convenient access to even more cities. In our first quarter, Emirates operated a reduced flying programme due to the planned 45-day runway closure and refurbishment at Dubai International airport. In our last quarter, we were also forced to adjust and cut our flying programme as the COVID-19 pandemic led to border closures and travel restrictions, until all passenger flights to and from the UAE were suspended on 25 March as directed by the UAE government.

It is Emirates' long standing strategy to operate modern and efficient wide-body aircraft which allows us to provide the latest amenities to our customers. At the 2019 Dubai Air Show, Emirates announced a US$16 billion order for 50 Airbus A350 XWBs, and a US$8.8 billion order for 30 Boeing 787 Dreamliners. In addition, to support our future fleet and workforce, Emirates signed agreements with various suppliers and partners, including an MOU with Sanad Aerotech to collaborate on MRO services, training and dedicated repair capabilities; an MOU to extend GE Aviation's development and leadership training programmes to UAE National employees at the Emirates Group; and the deployment of a new Bombardier Global 7500 full-flight simulator from CAE to expand pilot training capacity at the Emirates Flight Training Academy.

16 Apr
Emirates implements plans to ensure smooth operations during 45-day Dubai airport runway closure and refurbishment.

16 Apr
Emirates signs interline agreement with Africa World Airlines (AWA), the Ghanaian airline headquartered in Accra, offering Emirates customers the ability to connect onto selected routes of AWA's network.

01 Jun
Emirates launches its first direct daily service between Bangkok and Phnom Penh.

02 Jul
Emirates launches its new daily service to Porto, the airline's second destination in Portugal after Lisbon.

28 Oct
Emirates and flydubai mark two years of successful strategic partnership. Over 5.3 million passengers have benefitted from seamless connectivity on the Emirates and flydubai network since both Dubai-based airlines began their partnership in October 2017.

30 Oct
Emirates Engineering unveils its fleet-wide implementation of RFID technology that enables the airline to scan over 180,000 inflight emergency equipment on a daily basis on over 250 aircraft with 100% data integrity and compliance, providing more accurate inventory forecasts, greater efficiencies, and better maintenance of these critical items.

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25 Nov
Emirates signs a codeshare and interline agreement with SpiceJet to give travellers to and from India seamless access to a wider and a stronger route network. This is the first-ever codeshare agreement signed by SpiceJet.

05 Dec
Emirates announces an enhanced interline agreement with Interjet Airlines to open new routes and destinations for passengers travelling between Mexico, the Gulf and Middle East and beyond, with seamless connections on single ticket.

09 Dec
Emirates opens its newest gateway in the Americas, with the launch of flights to Mexico City via Barcelona.

25 Mar
Emirates suspends all remaining scheduled passenger services as directed by the UAE government as part of national measures to contain the COVID-19 pandemic.

CUSTOMER EXPERIENCE

In line with our 'Fly Better' promise, Emirates has continued to invest in enhancing our customer products and services through the year - online, on the ground, and in the air. We've introduced innovative technologies that improve customer journeys, enhanced services to delight our customers, and launched new value-added benefits for our frequent flyers.

As a global airline that serves a truly global customer base, we've ensured that our customers can interact with our website and mobile app in 19 languages; and we've created bespoke culinary offerings on board and in our lounges to celebrate key festivals with our customers including Onam, Ramadan, Easter, Thanksgiving, Christmas, and Lunar New Year.

Through the year, we've continued winning recognition from customers and industry peers for our high quality products and services.

02 Jun
Emirates partners with Uber to offer Economy Class travellers discounted airport transfers in the UAE over summer.

03 Apr
Emirates is awarded Best First Class in the world at the 2019 TripAdvisor Travelers' Choice® awards for Airlines. The airline also clinched Best Regional Business Class Middle East, Best First Class Middle East, and nabbed the overall Travelers' Choice Major Airline honour for the Middle East. TripAdvisor awards the world's top carriers based on the quantity and quality of reviews and ratings for airlines by TripAdvisor flyers, gathered over a 12-month period.

29 Apr
Emirates sweeps five awards at the Business Traveller Middle East Awards 2019 including Best Airline Worldwide, Best First Class, Airline with the Best Economy Class, Airline with the Best Frequent Flyer Program and Best Airport Lounge in the Middle East.

21 May
Emirates launches its mobile app in Arabic, becoming the only airline to offer customers all its mobile app features in 19 languages.

18 Jun
Emirates' ice entertainment system wins World's Best Inflight Entertainment for the 15th consecutive time at the Skytrax World Airline Awards 2019.

11 Sep

Emirates Skywards marked a major milestone with 25 million members enrolled as the loyalty programme grows from strength to strength.

11 Sep

Emirates clinched its third consecutive award for Best Entertainment at the 2020 Passenger Choice Awards held during the APEX EXPO in Los Angeles, USA. The airline was also given a Five-Star Global Airline Official Airline Rating in the first airline rating program based solely on verified and certified passenger feedback.

26 Sep

Emirates debuted a range of immersive experiences at Dubai Mall to provide international and local mall visitors unique opportunities to interact with the Emirates brand. These include a refreshed Emirates A380 Experience - the region's only public A380 flight simulator, sponsorship of Kidzania with aviation inspired elements, and new Emirates Official Store retail spots in three locations.

06 Oct

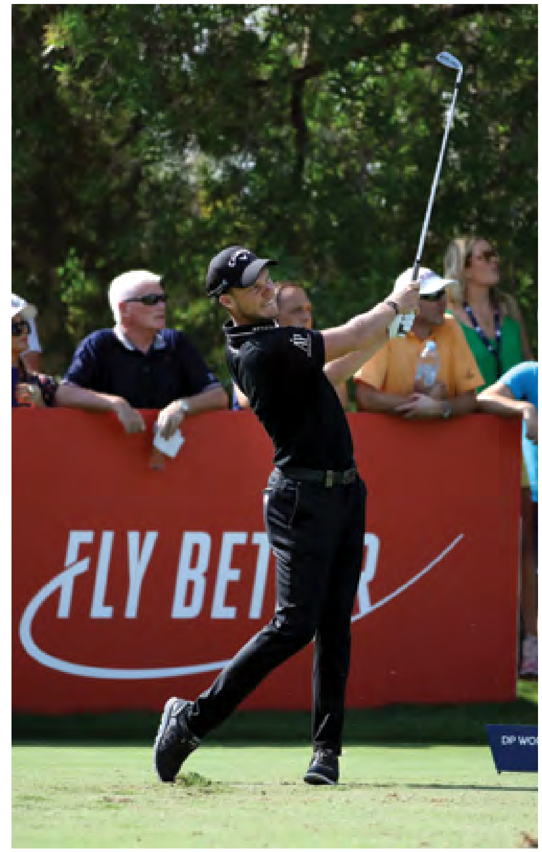
Emirates showcases its innovative biometrics path for smart passenger airport journeys in partnership with the General Directorate of Residency and Foreigners Affairs in Dubai (GDRFA) at the Gulf Information Technology Exhibition (GITEX).

03 Nov

In another entertainment first, Emirates streamed the highly acclaimed Seven Worlds, One Planet documentary live at the same time as its BBC One broadcast in the UK. While Emirates already streams live news and sport on board most of its aircraft, this is the first time any airline has streamed a show at the same time as its TV network timeslot.

21 Sep

Emirates becomes the first airline outside of America to receive approval for biometric boarding from the US Customs and Border Protection (CBP), using facial recognition technology. This enables Emirates customers flying from Dubai to any US destination to enjoy a faster and smoother boarding experience.



10 Nov

Emirates launches Skywards Exclusives, offering loyalty programme members access to the airline's unique, money-can't-buy sponsorship experiences.

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11 Nov

Emirates opens its first remote check-in terminal at Dubai's Port Rashid to provide smooth sea-air connections for cruise travellers.

12 Nov

A new Airport Maps feature was launched in the Emirates app, allowing customers to navigate seamlessly through key airports. The feature detects the user's location via Bluetooth and Wi-Fi, and provides point-to-point navigation through all airport touchpoints including check-in desks, Emirates Lounges, shops, restaurants or ATMs.

13 Nov

Emirates clinches awards for Best Wi-Fi and Best Food & Beverage in the Middle East at the APEX 2020 Regional Passenger Choice Awards™.

26 Nov

Emirates reinvents its inflight retail offering with EmiratesRED, including a dedicated shopping channel on ice called EmiratesRED TV.

05 Dec

Emirates Skywards launches Skywards Everyday, a location based app that gives members the power to earn Skywards Miles anytime, every day at more than 1,000 retail, entertainment and dining outlets across the UAE.

09 Dec

Emirates' cabin crew are recognised as the World's Leading Cabin Crew 2019 at the World Travel Awards (WTA) Grand Final Gala Ceremony. The event marked the culmination of the WTA's annual search for the finest travel and tourism organisations in the world, where winners of its six regional ceremonies compete for the coveted world titles. Emirates also won the world title for World's Leading Airline – Economy Class.

15 Jan

Emirates signs a strategic agreement with Trip.com Group to expand its reach in China. The MOU for mutual cooperation includes joint marketing promotions and other marketing initiatives to boost Emirates' sales via Trip.com Group's online platforms. It will also explore future collaborations on customized products to suit members of both loyalty programmes.

28 Jan

Emirates picks up 'Best Airline in the World' and 'Best First Class' at the prestigious 2019 ULTRAs. Voted by the hundreds of thousands of readers of The Telegraph's luxury travel magazines Ultratravel UK and Ultratravel Middle East, the awards are the industry hallmark of the world's best luxury travel experiences.

25 Feb

Emirates' stellar wine programme was recognised at the Business Traveller Cellars in the Sky 2019 Awards, where the airline picked up 2 Gold, 2 Silver and a Bronze award for its carefully curated wine lists. The winning wines represent Emirates' varied offering which come from 12 of the main wine producing regions including France, Australia, South Africa and Portugal.

04 Mar

As the race for "share of mobile" continues, Emirates marks a major milestone with 20 million downloads of its mobile app on the back of a strong mobile and digital strategy that has led to solid consumer uptake particularly in Africa, the GCC and Asia. Amongst the highest rated airline apps in the world, the Emirates app caters to its global customer base with full features available in more languages than any other airline app in the world.

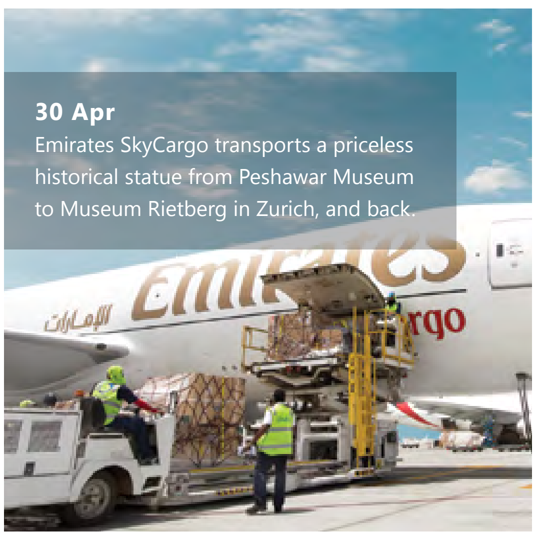
In 2019
Emirates Skywards was recognised for: Best Frequent Flyer Programme from Business Traveller Middle East, Excellence in Management from Global Flight, and Middle East's Leading Airline Rewards Programme from World Travel Awards.

EMIRATES SKYCARGO

In 2019-20, we strengthened our pharma capabilities with the opening of new facilities in Chicago and Copenhagen. We also expanded our Pharma Corridors programme which protects high-value commodities with strict end-to-end control under cool-chain handling protocols that meet or exceed the highest industry standards.

During the year, Emirates SkyCargo supported a wide-range of cargo transportation needs with our bespoke customer solutions - from fresh produce, to priceless historical artefacts to world class race horses.

As the COVID-19 pandemic swept through the world in the last quarter of 2019-20, Emirates SkyCargo ramped up operations to support the transport of medical, food and other essential goods to the UAE and around the world.



30 Apr
Emirates SkyCargo transports a priceless historical statue from Peshawar Museum to Museum Rietberg in Zurich, and back.

15 May
Close to 100 horses experienced Emirates Equine, Emirates SkyCargo's specialised product for calm and comfortable transportation of horses, while headed to the Shanghai leg of the Longines Global Champions Tour.

06 Jun
Emirates Skycargo opens a new purpose-built facility at Chicago airport which has a total capacity of nearly 15,000 tonnes of pharmaceuticals a year.

16 Oct
Emirates SkyCargo launches Emirates Delivers, an e-commerce platform that helps individual customers and small businesses consolidate online purchases in the US and have them delivered in the UAE. More origin and destination markets are being planned in the future, leveraging Dubai as a hub for regional e-commerce fulfilment.

12 Nov
Emirates SkyCargo moves its pharma handling operations at Copenhagen to a dedicated GDP certified facility for pharmaceuticals. It also expanded its Pharma Corridors programme to 25 stations, by adding more relevant pharma origin and destination stations to the initiative.

18 Dec
Emirates SkyCargo completes the operation of 9 freighter flights carrying 850 tonnes of cherries from Chile to various markets in East Asia, supporting the trade of one of the South American nation's most important fresh produce exports.

01 Feb
Emirates SkyCargo debuts a series of documentary films, Connecting_Better, which celebrates the air cargo industry with stories that entertain and inform, whilst showcasing SkyCargo's capabilities.

13 Feb

Emirates SkyCargo introduces two bonded trucking corridors in Saudi Arabia connecting Dammam and Medina with Riyadh, providing additional capacity options for businesses overseas wanting to send cargo to Riyadh.

30 Mar

Emirates SkyCargo steps up its commitment to facilitate the flow of essential goods across markets including the UAE. With global air cargo capacity severely constrained due to pandemic-related restrictions on passenger flights, Emirates SkyCargo activates initiatives to ensure that goods such as food and medical supplies are transported to destinations where they are needed the most.

31 Mar

Emirates SkyCargo carries nearly 500,000 COVID-19 testing kits to Brazil, on the first of two such flights operated to transport supplies to Sao Paulo. During the same week, Emirates also executed special charters carrying almost 200 tonnes of medical supplies such as hand sanitisers and protective face masks from Hong Kong to Sydney; pharmaceutical supplies to Karachi; close to 100 tonnes of relief material including hospital equipment to Milan; and over 55 tonnes of highly temperature sensitive pharmaceuticals to New York from Mumbai.

In 2019

Emirates SkyCargo was recognised as Best Air Cargo Carrier, Middle East at the Asian Freight, Logistics and Supply Chain Awards (AFLAS); Diamond Award - Air Cargo Carrier - at the Air Cargo Excellence Awards by Air Cargo World; Safest Partner Airline at the SkyCell Quality Award by Skycell, a leading pharma airfreight container provider; in addition to regional awards by airports, cargo associations and partners in Italy, Portugal, Malaysia, and India.

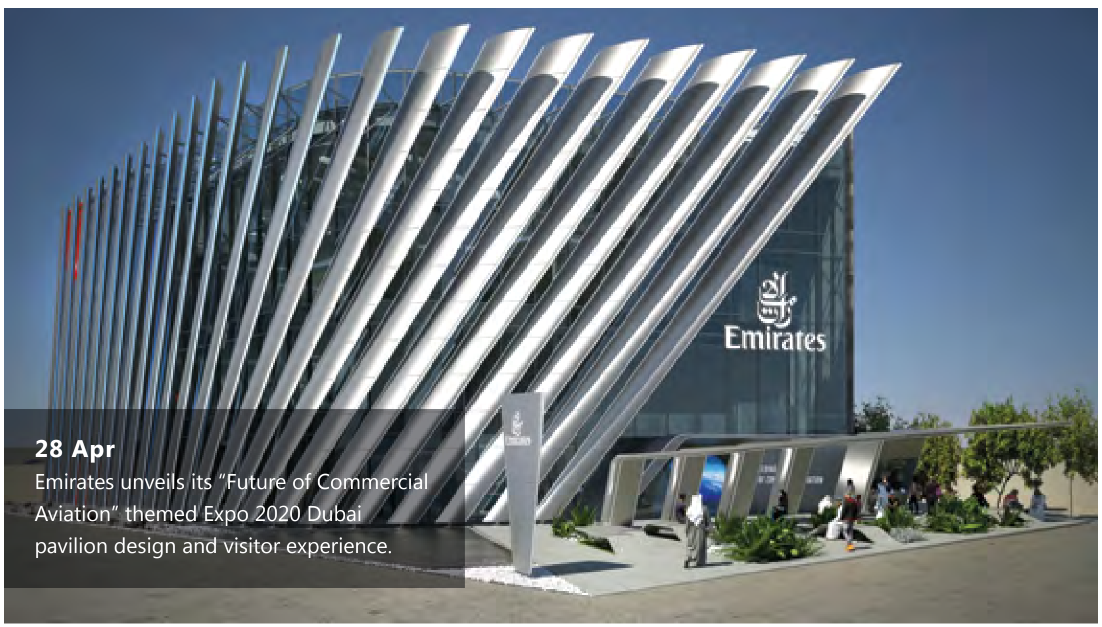
04 Mar

Emirates SkyCargo announces that it is working with Accuity, a leading global provider of financial crime compliance, payments and Know Your Customer (KYC) solutions, to help automate and streamline its regulatory compliance screening operations, increase efficiency and improve the speed of service to its customers.

OTHER BUSINESS HIGHLIGHTS

Emirates convened its first novel coronavirus monitoring and response meeting on 19 January. In February, as the COVID-19 pandemic escalated globally, this became a full-fledged crisis response activation, with a focus on ensuring safe operations, business continuity, and the health and safety of employees and customers.

In the last quarter of 2019-20, Emirates raised additional liquidity through term loans, revolving credit and short term trade facilities to the tune of AED 4.4bn (US$ 1.2bn). It continues to tap the bank market for further liquidity in the first quarter of 2020-21 to provide a cushion for the impact of COVID-19 on the business cash flows in the short term.



28 Apr
Emirates unveils its "Future of Commercial Aviation" themed Expo 2020 Dubai pavilion design and visitor experience.

10 Apr
Emirates Flight Catering is named 'Airline Caterer of the Year' Middle East, for the fifth consecutive year at the PAX International Readership Awards.

28 Aug
Emirates features artwork by an Emirati Mawaheb artist on its ice inflight magazine. Meaning 'talent' in Arabic, Mawaheb is a Dubai-based art studio for adults with special needs.

03 Sep
Emirates Flight Catering and Washington DC-based Cuisine Solutions announced they will co-invest in a joint venture to become the UAE's sole distributor of sous vide products, under the name of Emirates Cuisine Solutions. Phase two of the joint venture will see the establishment of the world's largest halal sous vide manufacturing facility in Dubai.

29 Nov
To celebrate the UAE's 48th National Day and the 'Year of Tolerance', Emirates sets a Guinness World Record for most number of nationalities on an aircraft with EK2019, a special one-off flight with 145 nationalities on board flying over the seven emirates of the UAE.

04 Sep
Emirates and the Philippines' Department of Tourism sign MoU to boost inbound tourist arrivals from Europe, the Middle East and other markets served by Emirates.

22 Sep
Emirates Group Security hosts AVSEC Global 2019 in Dubai, a major event that brings global leaders, professionals and stakeholders together to share best practice, exchange information and discuss trends in aviation security.

03 Oct
Emirates wins the Aviation 100 'Middle East & Africa Airline of the Year', awarded by Airline Economics magazine. Emirates and its financing partners also won the 'Aviation 100 Middle East & Africa Supported Finance Deal of the Year for 2019', for the financing of two Emirates A380 aircraft, which was the first A380 Bpifrance (French Sovereign Export Credit Agency) Assurance Export backed financing that also combined a commercial tranche sourced from Korean investors.

30 Oct
Emirates hosts the International Air Transport Association's inaugural Global Accessibility Symposium in Dubai, bringing the industry together to advance open dialogue for a more disability-inclusive air transport system.

30 Mar
Emirates Flight Training Academy marked significant milestones during the year, as its first cadets successfully completed their solo flights, and later began flying the academy's Embraer Phenom 100EV aircraft, marking their transition to training on a Very Light Jet that gives them a head start on multi-engine commercial airline operations. At the end of March, the Emirates Flight Training Academy celebrated its very first graduates, as eight students completed their training.

31 Mar
Emirates Leisure Retail Group enters the US market through the acquisition of a majority stake in Air Ventures Group, an F&B retail operator with a presence at 8 US airports.

DNATA HIGHLIGHTS

AIRPORT OPERATIONS

We continued to strengthen our international airport operations in the first 11 months of the year, expanding our business capabilities in the US, inaugurating new cargo capabilities in Brussels and London Heathrow, and achieving international certifications that attest to the high standards of our operations across markets.

In the UAE, dnata planned and executed smooth operations for all our airline customers during the Southern Runway closure and refurbishment at Dubai International during the first quarter. We also executed the UAE's first green turnaround in partnership with flydubai, an achievement made possible by our skilled teams, and previous investments in eco-efficient and electric ground handling equipment.

During February and March, as the COVID-19 pandemic led to dynamic travel restrictions on international air passenger travel, our teams in the UAE and around the world responded agilely to our customers' needs.

11 Apr

Gerry's dnata demonstrates high safety standards becoming the first ground services provider to achieve IATA's Safety Audit for Ground Operations (ISAGO) registration in Pakistan.

16 Apr

dnata moves over 900 pieces of ground services equipment and 2,000 colleagues to Dubai World Central (DWC) to ensure smooth and safe operations of over 3,000 relocated flights during the 45 days long southern runway rehabilitation (SRR) at Dubai International (DXB).

29 Apr

For the 5th consecutive time, dnata is named 'Ground Handler of the Year' at the 2019 Air Cargo News Awards, recognised as the "Oscars" of the air cargo industry.

07 May

dnata expands operations in Austin, Texas, commencing a new partnership with Lufthansa. Handling the airline's new Frankfurt flight, dnata staff will ensure a safe and seamless travel experience for up to 70,000 passengers a year.

20 May

dnata becomes the first global air services provider to join the Latin American and Caribbean Air Transport Association (ALTA).

11 Jun

DUBZ, a baggage technology and logistics company, celebrates its first anniversary as part of the dnata family. In 2018, dnata acquired a majority stake in DUBZ, two years after that latter was selected as a winner of Intelak, the aviation and travel incubator programme that nurtures travel technology entrepreneurship in the UAE.

17 Jun

marhaba adds Singapore to its global network by opening a new airport lounge at Changi Airport's Terminal 3. Open 24 hours a day, the lounge features comfortable seating for over 130 guests and offers superfast Wi-Fi and excellent international cuisine.

08 Jul

dnata opens a dedicated lounge for unaccompanied minors at Dubai International airport (DXB) Terminal 1. The lounge is manned by experienced, multilingual staff and equipped with games and entertainment screens to keep the young guests occupied throughout the day.

24 Jul

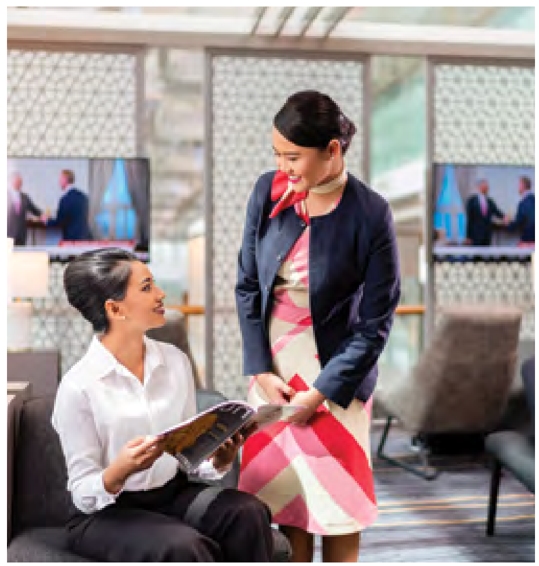
dnata introduces a new management structure to enhance operational and service excellence. Reflecting its international growth, this includes the creation of three new regional CEO roles for the Asia Pacific, UK & Europe, and New & Emerging Markets.

30 Jul

Air Dispatch, the world's leading provider of centralised load control (CLC) services, produces the five millionth load sheet since its foundation. The milestone document is issued from the Prague facility, ensuring safe and efficient operations of a Hong Kong-bound flight.

31 Jul

marhaba, dnata's airport hospitality brand, celebrates 28th anniversary. Founded in 1991, marhaba has over the years evolved into one of the world's leading passenger services providers renowned globally for its customer-oriented team and uncompromising focus on service excellence.



07 Aug

marhaba expands its popular lounge at Dubai International's (DXB) Terminal 3 by 400 square meters, increasing its capacity by 50%.

23 Jul

DUBZ launches remote check-in services at the dnata Travel store in The Dubai Mall, helping passengers make the most of their time before their flight and enjoy a seamless airport experience.

23 Aug
GTA dnata extends its collaboration with Air Canada Cargo in Toronto to include all cool chain shipments. This includes seafood, chilled meats, fruit, vegetables, herbs and fresh flowers – all perishable shipments that require a comprehensive, integrated cold chain logistics approach.

24 Sep
dnata opens dnata City East, a new bespoke export facility at London Heathrow, that encompasses industry leading technology and significantly increases the cargo capacity at the UK's busiest airport.

07 Oct
dnata extends its partnership with Terminal One Group Association (TOGA) in New York through to 2023. The extension will see dnata continue to provide quality ground and passenger handling services to over 20 airlines, ensuring smooth and safe operations of 50 flights a day at John F. Kennedy International Airport's (JFK) Terminal One.

15 Oct
dnata renews its ISO 9001 certification for ground, cargo and catering services in Singapore.

28 Oct
dnata strengthens its position in the cargo logistics industry by joining forces with Wallenborn Transports, Europe's largest air-cargo road feeder services (RFS) operator. The partnership will see the companies develop new products and services, and enter new markets.

29 Oct
dnata becomes the first cargo terminal operator in Australia to be awarded the World Health Organization's Good Distribution Practices (GDP) certification.

04 Nov
dnata expands operations at Washington Dulles International Airport, creating jobs with additional employees hired for its US team.

05 Nov
dnata underlines its commitment to ensuring a seamless airport journey for people of determination and showcases technology and initiatives at IATA's AccessAbilities Expo 2019 in Dubai.

05 Nov
Gerry's dnata is awarded the 'Best Cargo Handling Operation' at the 2019 Pride of Ground Handling Awards during the 21st Ground Handling International Annual Conference in Amsterdam.

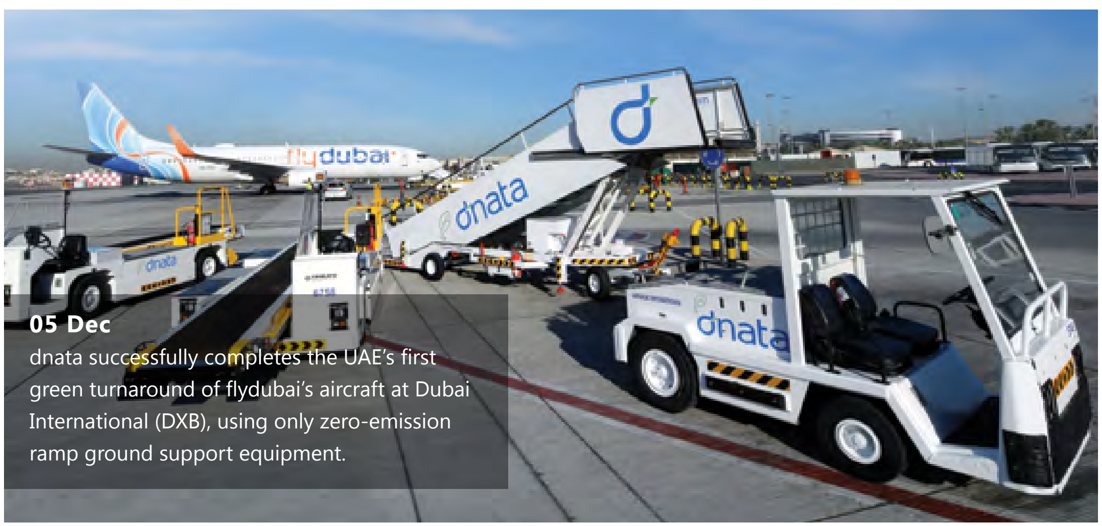
06 Nov
dnata gains IATA's CEIV Pharma certification at its cargo facility at Dubai World Central (DWC). The accreditation complements dnata's existing CEIV Pharma certification at Dubai International (DXB), demonstrating the company's ability to move pharmaceutical products under the strictest standards across its operations in the UAE.

15 Jan
dnata opens a second cargo warehouse dedicated to handling imports in Brussels, Belgium.

21 Jan
dnata launches a global, internal safety campaign to further improve its excellent safety performance through employee engagement and leadership communications.

15 Mar
Partnering with Etihad Airways at three airports in Pakistan, dnata's international airport operations team celebrates its 111th contract win in the financial year.

31 Mar
dnata handles repatriation flights and supports airlines in maintaining international trade by continually delivering best-in-class ground handling and cargo services across the globe amid the COVID-19 outbreak.



05 Dec
dnata successfully completes the UAE's first green turnaround of flydubai's aircraft at Dubai International (DXB), using only zero-emission ramp ground support equipment.

10 Dec
dnata Brazil is awarded IATA's Safety Audit for Ground Operations (ISAGO) registration in Brazil, a reaffirmation of dnata's rigorous safety standards.

CATERING

Our catering division saw a busy year with the launch of operations in Houston, Boston, Los Angeles, San Francisco and Vancouver in tandem with customer demand. These new stations significantly increased our footprint and capabilities in North America. We also announced plans for a new catering facility in Manchester, UK, and a significant partnership to manage Aer Lingus' catering operations and to serve all its flights out of Dublin, Ireland.

In March we became sole shareholder of the UK's biggest inflight catering, on-board retail, and logistics company, and brought Alpha LSG – previously a joint venture partner - fully into the dnata portfolio.

As COVID-19 spread across markets, our teams helped provide thousands of meals to support affected communities and organisations at the frontline of the pandemic response.

09 Apr
dnata is voted 'Airline Caterer of the Year, North America, 2019' by readers of PAX International, the leading publication for airline industry executives.

11 Apr
dnata commences catering operations in Houston, USA, by opening a 51,000 ft² facility at George Bush Intercontinental Airport. The launch customer is British Airways, which operates two daily flights from Houston.

07 May
dnata Catering in Australia helps Qantas operate the first ever zero-waste flight. All inflight products on board the flight are disposed of via compost, reuse or recycling.

09 May
dnata's team in Romania demonstrates its event catering capabilities by delivering five-star culinary, logistics and wait staff services to high-level government representatives during the Informal Summit of Heads of State or Government of the European Union summit.

21 Jun
Alpha LSG, dnata's UK catering business, announces it will open a new, state-of-the-art, 102,000 ft² sustainable building in Manchester, UK.

15 Sep
dnata opens a new, state-of-the-art catering facility and starts serving British Airways at Boston Logan International Airport, USA . At full capacity the production unit will supply up to 12,500 meals a day.

23 Sep
dnata launches catering operations on the West Coast of the USA by opening a facility at Los Angeles International Airport. dnata's first customer in Los Angeles is Qantas.

01 Oct
dnata launches catering operations and commences a new partnership with Jet Blue at San Francisco International Airport, USA.

31 Jan
dnata enters into an inflight catering partnership with Aer Lingus in Ireland. The strategic partnership will see dnata provide catering services for the airline's flights departing Dublin.

03 Feb
dnata commences operations in Canada by opening a state-of-the-art catering centre in Vancouver.

The 48,000 ft² facility, which represents a multi-million dollar investment, is equipped with the latest technologies and has a capacity of up to 8,000 meals a day.

25 Mar
dnata donates thousands of meals globally to support communities impacted by the COVID-19 outbreak.

31 Mar
dnata becomes the sole shareholder of the biggest inflight catering, on-board retail and logistics company, Alpha LSG, in the UK.

15 Feb
dnata invests in 39 new, advanced high-lift vehicles to further enhance catering operations in Australia. The new ground support equipment will ensure efficient and safe transportation of catering equipment, quality inflight meals and on-board retail products between dnata's facilities and airline customers' aircraft.

TRAVEL

With softening travel demand in many key markets, and evolving customer expectations from travel service providers, we embarked on a strategic business review of our entire Travel portfolio during the year, to identify opportunities for streamlining as well as new business segments.

In the UAE, we launched REHLATY, a new travel brand designed by Emiratis for the Emirati traveller, and expanded our retail footprint. Our destination management brand, Arabian Adventures also marked a successful year with the smooth hosting of high profile events and groups in Dubai. It also signed marketing partnership agreements which will expand its sales network to trade customers in 10 new markets.

As COVID-19 impacted global travel over February and March, our travel teams galvanised to support our customers with rebooking and refunds, and we also initiated solutions to help our corporate customers navigate the dynamic travel environment.

28 Apr
dnata wins four accolades at the 2019 World Travel Awards Middle East earning the titles of Middle East's Leading Corporate Travel Company; Middle East's Leading Airline GSA (general sales agent); United Arab Emirates' Leading Travel Agency and Abu Dhabi's Leading Travel Agency.

04 May
REHLATY by dnata travel, a travel brand designed by Emiratis for the Emirati traveller, is launched in the UAE.

15 May
dnata Travel opens a new store in the UAE in the City Centre Mirdif.

04 Sep
Arabian Adventures significantly expands its global partnership network by appointing four overseas companies as its market representative. The partnerships will see the companies drive awareness and sales of Arabian Adventures' premium products and services by promoting its comprehensive offering to trade customers in a total of 10 new markets across three continents.

10 Oct
Gold Medal, the largest travel consolidator in the Middle East, expands operations into India. Travel agents in the country can now benefit from the company's extensive sales, marketing and operational expertise, advanced booking and reporting system, and excellent customer service.

10 Nov
dnata Travel launches DEALZ, a free monthly newspaper designed for UAE travellers with the latest and most attractive travel offers available on the market. The publication joins the offering at the 30 plus dnata Travel stores across the country to bring a new monthly staple to the reading list of the UAE's avid traveller base.

28 Nov
dnata is named 'World's Leading Air Travel Service Provider' at the World Travel Awards.

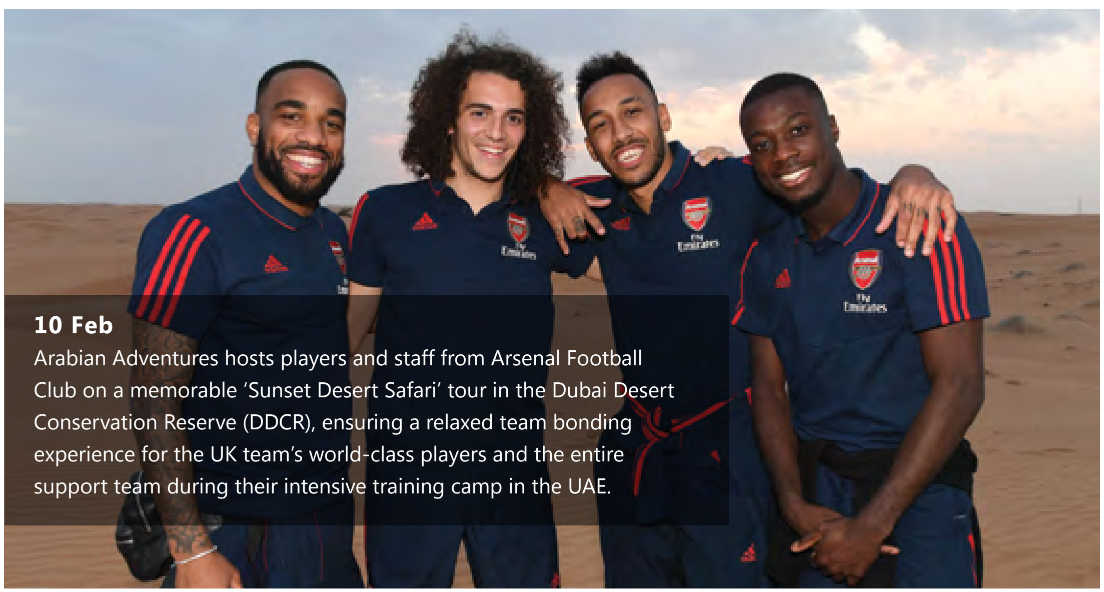
28 Nov
dnata Travel opens a new store in the UAE in the Nakheel Mall.

13 Dec
Arabian Adventures MIE delivers smooth travel and event experiences in Dubai for over 9,000 participants of Amway's largest international leadership gathering.

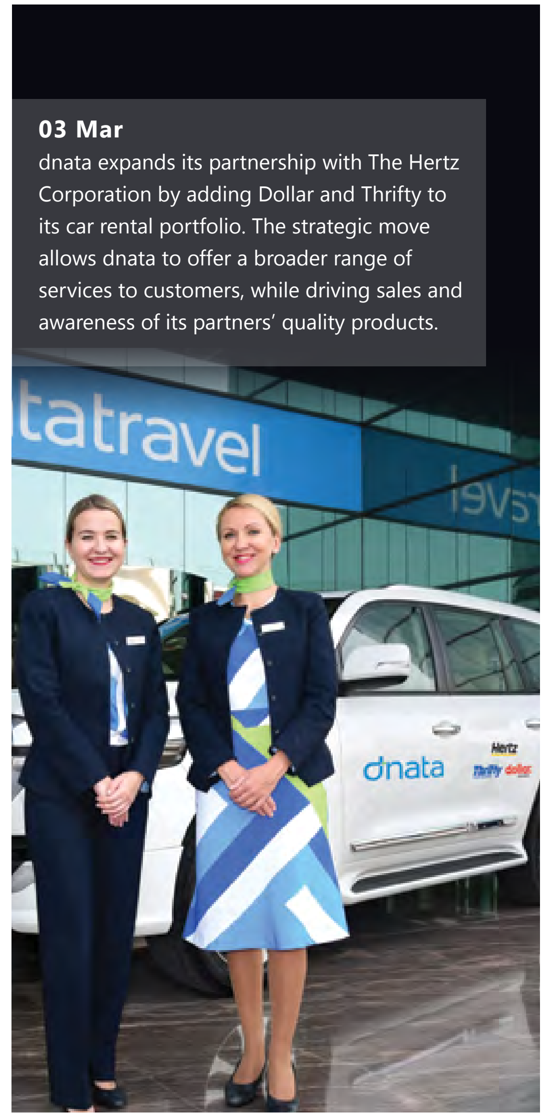
24 Dec
dnata divests its minority stake in IT company, Accelya which was acquired by Vista Equity Partners.

27 Jan
Arabian Adventures MIE wins the SITE Crystal Award, the highest honour in the incentive travel industry for the second time. Arabian Adventures' winning event saw 270 guests travel from the United States to the United Arab Emirates for a series of multi-venue experiences.

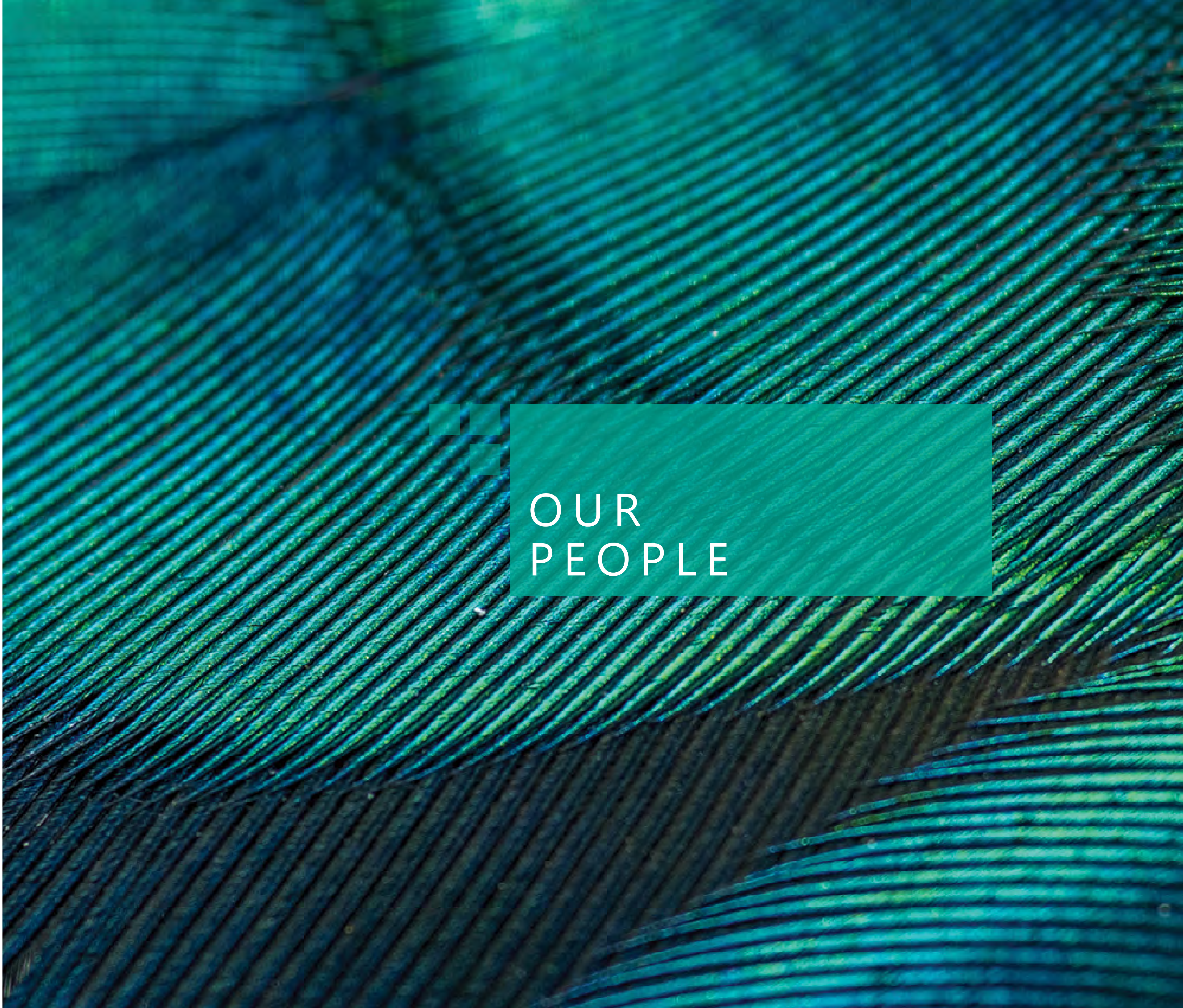
15 Mar
dnata's Corporate travel team takes initiatives to help customers navigate the challenging and fast-changing global travel environment. dnata is focussed on minimising the impact on customers' travel budgets whilst complementing their duty of care responsibilities for their employees.



10 Feb
Arabian Adventures hosts players and staff from Arsenal Football Club on a memorable 'Sunset Desert Safari' tour in the Dubai Desert Conservation Reserve (DDCR), ensuring a relaxed team bonding experience for the UK team's world-class players and the entire support team during their intensive training camp in the UAE.



03 Mar
dnata expands its partnership with The Hertz Corporation by adding Dollar and Thrifty to its car rental portfolio. The strategic move allows dnata to offer a broader range of services to customers, while driving sales and awareness of its partners' quality products.



OUR PEOPLE

SPOTLIGHT ON WORKPLACE HEALTH AND WELLBEING

As the COVID-19 pandemic spread across the world in the last quarter of 2019-20, Emirates and dnata responded quickly to the dynamic situation to protect our people, customers and communities. In January, we convened our first internal committee meeting to monitor the outbreak and the latest advice and instructions from relevant health and regulatory authorities. This became a full-fledged crisis response in February as the global situation escalated.

The health and safety of our people, particularly our frontline employees, is always a priority. We ramped up employee communications to inform them of the latest health practices to stay safe, and keep them updated on critical information and instructions from the relevant authorities.

We put in place support structures for those impacted, and implemented work from home protocols for the vast majority of our workforce. We also regularly reviewed, and enhanced our operational procedures to protect our employees. For instance, implementing physical distancing protocols at their workplaces, installing thermal scanners at workplace entry points, providing our employees with masks, gloves, hand disinfectants, and other personal protective equipment.

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OUR PEOPLE

The talented, diverse, and passionate people of the Emirates Group have always been key to the company's success.

We support our people's safety, health and wellbeing, and professional development, and actively reward and celebrate their achievements.

Our Linkedin Learning platform has been widely leveraged to support the growth of our people with over one million hours of development material being consumed since its launch last year.

20 Jun

Emirates Aviation University celebrated its 29th graduation ceremony, honouring more than 220 students. Since 1991, the university has graduated more than 16,000 students across diverse disciplines and areas of study, helping to support the aviation industry.

27 Aug

Emirati first officers at Emirates airline helped put the spotlight on women in aviation, and the advancement of women in the UAE on Emirati Women's Day, by operating flights to five continents on the same day.

03 Oct

We launched Sehaty, our Group-wide health and wellbeing programme that aims to foster a culture of health across the organisation. Sehaty brings together the numerous existing programmes that support our employees' health, mental and emotional wellbeing. These include our Employee Assistance Programme, our internal wellbeing portal, sports and wellness clubs, medical benefits, internal social networks focused on wellness, and many other initiatives.

03 Oct

Emirates Group Security's education arm, Centre of Aviation Security Studies, awarded its 14th cohort of graduates with diplomas for Aviation Security Management and for Ground Handling. The program is established in partnership with Edith Cowan University, Australia.

17 Oct

Emirates Group employees embrace fitness and wellness during the annual Dubai Fitness Challenge – a national initiative that encourages participants to engage in at least 30 minutes of activity daily, for 30 days. Over the past two years, over 21,000 Emirates Group employees downloaded the Dubai Fitness app and actively participated in the 30x30 challenge, clocking in 1.5 million minutes of physical activity.

18 Dec

Emirates joined the UAE's Business for Wellbeing Council as a founding member.

30 Jan

26 top performing employees were recognised at the annual Najm Chairman's Award, the Emirates Group's most prestigious award, which recognises and rewards employees whose work and actions are characterised by a strong work ethic, a spirit of innovation, extraordinary acts of bravery and selfless teamwork. The Najm Awards programme recognises employees throughout the year for achieving outstanding work, or demonstrating model behaviour. In 2019-20, over 14,000 Gold, Silver and Bronze Najms were awarded to deserving employees who went the extra mile.

10 Feb

The first cohort of Emirates Group employees joined the GE Aviation Leadership Development programme. This is a customized programme between both organisations, and it aims to develop future talent for the aviation industry.

05 Mar

On International Women's Day, Emirates highlights one aspect of how women in aviation are supporting economies and touching lives across the world with an initiative that follows an all-women flight deck crew operating multi-stop cargo flights across four continents on Emirates SkyCargo's Boeing 777 freighter aircraft, transporting over 300 tonnes of cargo ranging from fresh flowers and fruits to pharmaceuticals.

08 Mar

dnata celebrates international women's day with flydubai by supporting and operating a flight with an all-female crew.

11 Mar

Emirates Aviation University (EAU), the academic wing of the Emirates Group and one of the region's most prestigious educational institutions, has been awarded an overall score of 5 Stars by QS Stars University Ratings for its outstanding performance and academic excellence across a wide range of categories. Of the 129 QS rated institutions in the Arab Region, only five are rated as 5 Stars and EAU is the only non-Federal 5 Stars university.

22 Mar

Our talent pool of UAE Nationals within the Group reached a record number of 3,123, reflecting the success of our programmes to recruit, develop, progress, and retain Emiratis.

31 Jan

Emirates Group's National Recruitment & Development team increased slots for UAE National Talent on leadership programmes by nearly fourfold. Partnerships with Airbus, Boeing, Microsoft and multiple global institutions continue to provide growth experiences for our national talent.

02 Feb

Career development efforts for our UAE National talent saw a total of 550 job changes including promotions, rotations, and growth assignments.

OUR COMMUNITIES

MAKING OUR WORLD BETTER

We aim to make a positive impact on our industry and communities. We engage in programmes that support entrepreneurship and innovation in aviation, travel and tourism. Through our sponsorship of world-class events around the world, we bring our customers and fans closer to their passion, and help inspire young people in their pursuit of sports or culture.

Through the Emirates Airline Foundation and dnata4good, we work with community organisations to make our world better. The airline foundation is a non-profit charity organisation that aims to improve the quality of life for underprivileged children, and dnata4good brings people from across the company to help build schools, protect wildlife and provide humanitarian aid.

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OUR COMMUNITIES

Emirates supports innovation and entrepreneurship initiatives that will help drive progress and advancement for the future of aviation.

25 Feb

Emirates Group taps on young, bright and futuristic minds at Carnegie Mellon University in the US, as the lead sponsor of a varsity hackathon. As part of its internal business innovation initiative, Emirates sponsored two key business challenges to the students at the university's biggest hackathon which this year attracted 400 students.

ENTREPRENEURS AND INNOVATION

08 May

Emirates signs MoUs with three teams from Dubai Future Accelerators, a programme that connects start-ups and SMEs from around the world with public and private entities to develop innovative solutions. The selected SMEs presented proposals in the domains of B2B procurement, seamless customer experience, and an integrated system for crew duty travel.

30 Oct

Emirates becomes partner of Aviation X Lab, an aviation-specific incubator under the Dubai Future Foundation. Located at Area 2071, Aviation X Lab establishes a long-term partnership between Emirates and Airbus, Collins Aerospace, GE Aviation, and Thales with an aim to innovate and create the next era of aviation and positively impact lives.

27 Feb

The Intelak Incubator announces four finalists for its 7th cohort. Together with Dubai Tourism, the Emirates Group is a principal partner of Intelak, an accelerator for start-ups focussed on aviation, tourism and travel. Since 2016, the programme has provided over AED 1.4 million in seed funding and AED 1.2 million in resources to entrepreneurs and early stage start-ups from across the UAE and internationally to launch, scale, and grow their concepts.

HELPING OUR GLOBAL COMMUNITIES

31 May

The Emirates Airline Foundation supported the travel of 27 members of US-based Rotaplast. The multi-disciplinary team flew from the San Francisco to Chittagong in Bangladesh, to help 126 patients with life changing surgeries for burns, hand and facial surgeries such as cleft lips and palates.

30 Sep

Emirates, the UAE Ministry of Health and Prevention, and Pfizer Upjohn launched a multi-faceted education campaign designed to increase health literacy and public awareness on non-communicable diseases. The campaign included a creative animated series with simple tips and messages that encourage individuals to adopt preventative health behaviours and habits, ultimately helping them lead longer, healthier and more productive lives. The series aired on Emirates' inflight entertainment system, reaching an international flying audience.

31 Dec

With a donation of 58 return flights throughout the year, the Emirates Airline Foundation helped volunteer teachers from the UK-based University of Warwick reach 12,888 students in Africa, through the "Warwick in Africa" programme which helped transform how maths and English are taught in 23 schools across Tanzania and South Africa.

15 Jan

Emirates pledges contribution to the bushfire relief in Australia, by donating 10% of all EmiratesRED sales on every flight for a month, and matching this dollar-for-dollar. The proceeds will go towards the recovery and rebuilding efforts taking place in the communities affected across Australia.

28 Sep

Over 16,000 dnata employees in 26 countries teamed up and took part in the company's global fundraising activity, dnata runs the world, raising US$400,000 for charity.

29 Feb

6,000 dnata employees in Australia organised various activities to support bushfire affected communities through fund-raising, donations and front-line volunteering.

24 Jul
Emirates renews its partnership with the Emirates Lions rugby team in South Africa, extending the airline's team title sponsorship and naming rights for the Lions home ground in Johannesburg.

09 Feb
Emirates welcomes students aged 14 to 18, to its headquarters for an immersive session as part of the Emirates Airline Festival of Literature's Education Programme. "Spotlight on careers – Come fly with me" is an extension of the airline's support for the Festival, and aims to inspire the next generation of aviators.

SPORTS AND CULTURE

29 May
Emirates renews its commitment and celebrates 20 years as Premier Partner of Collingwood Football Club in Australia.

10 Jun
Emirates as the Official Worldwide Partner of Rugby World Cup 2019, brings the Webb Ellis Cup to Japan, host nation of rugby's biggest event.

27 Jun
Emirates renews its partnership with the German football club Hamburg SV for another 3 seasons until May 2022. With a partnership that began in the 2006-07 season, Emirates is the longest jersey sponsor in the club's 130-year history.

18 Jul
Emirates signs up as Official Partner and Airline for the 9th West Asian Football Federation Championship, reinforcing its commitment to supporting football and fans across the region. The 2019 edition of the tournament was the first time in 30 years that Iraq hosted a regional event of this kind.

23 Dec
Emirates renews its sponsorship of Emirates Team New Zealand for the 36th America's Cup. Emirates will also be the 'Official Airline' partner of the 36th America's Cup presented by Prada which includes the America's Cup World Series (ACWS), sponsoring all preliminary regattas leading up to the main event in 2021. In addition, Emirates will bring the ACWS to Portsmouth, United Kingdom, in 2020 as the 'Presenting Partner'.

06 Feb
Emirates becomes Official Main Sponsor of Olympique Lyonnais, one of France's top football clubs, in a 5-year sponsorship deal beginning from 2020-21 season.

08 Dec

The 50th edition of the Emirates Airline Dubai Rugby Sevens was celebrated in style with three action-packed days of rugby, entertainment and music and over 100,000 fans in attendance. Aside from the sporting action, event highlights include two Emirates A380 flypasts over the Sevens Stadium, and an exhilarating performance by Kylie Minogue.

OUR PLANET

MAKING PROGRESS ON ENVIRONMENTAL STEWARDSHIP

The Emirates Group continued to make progress in the attainment of its environmental goals. In 2019-20, an updated Group Environmental Framework was signed off, refocusing company-wide initiatives under three areas: reducing emissions, consuming responsibly and preserving wildlife and habitats.

The Group Environmental Framework was shared at a townhall with employees on World Wildlife Day. The event aimed to raise workforce awareness of the role of business in environmental protection, and highlighted the company’s environmental initiatives, goals, challenges and long-term sustainability plans across key departments. This year’s guest panellists included Srdan Susic, Director of Conservation and Climate at Emirates Nature-WWF.

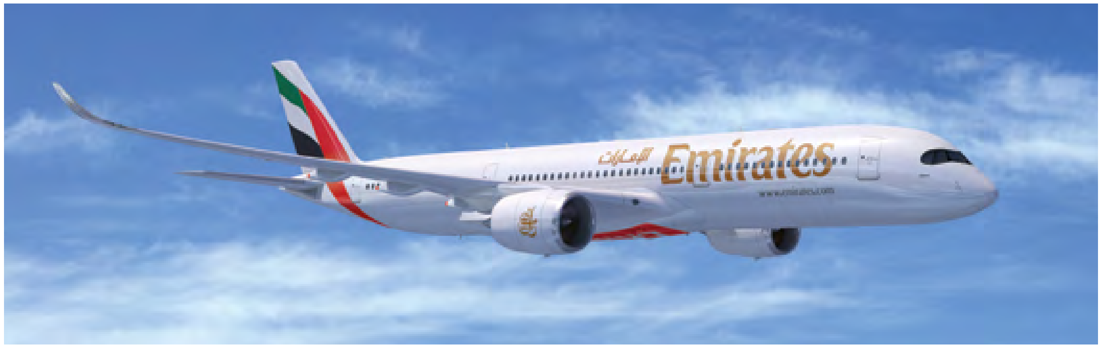
OUR PLANET

Operating modern and fuel efficient aircraft is Emirates' biggest commitment to reducing our environmental impact.

REDUCING EMISSIONS

As an airline and aviation services provider, reducing carbon emissions is central to our environmental sustainability strategy. On the ground and in the air, Emirates and dnata continue to implement various initiatives to drive fuel efficiency and reduce carbon emissions. Emirates' comprehensive fuel efficiency programme, which actively investigates and implements ways to reduce unnecessary fuel burn and emissions wherever it is operationally feasible, helping deliver a 1.9% improvement in passenger fuel efficiency for the full year.

As travel restrictions tightened and borders closed due to the COVID-19 pandemic, Emirates had a drastically reduced flying programme in March 2020 compared to the previous year. This led to a commensurate drop in fuel burn and related emissions, but also impacted fuel efficiency as load factors fell on many flights. This impact is seen in passenger fuel efficiency results of 3.99 litres per 100 passenger kilometres for the 11 months until the end of February, compared with 4.03 litres per 100 passenger kilometres for the full year. Similarly, dnata's airport operations around the world saw drastically reduced operations as airlines suspended flights, and this is reflected in the environmental data for ground operations.



Amongst numerous initiatives, our efforts to optimise flight plans and fuel uplift alone saved an estimated 38,000 tonnes of fuel, which equates to a reduction of approximately 120,000 tonnes of CO_2 emissions.

In the financial year 2019-20, we continued strengthening and expanding initiatives to reduce fuel consumption, which resulted in a reduction in fuel consumption by 71,000 tonnes, equivalent to a reduction of 224,000 tonnes of CO_2 emissions.

Emirates was able to effectively reduce the amount of fuel we uplift in our flights, while taking all necessary precautions and measures to protect safety and integrity of operations. This was enabled by using evidence based, data driven methods, and by launching a fuel optimisation awareness and data sharing programme with pilots.

OVERVIEW
EMIRATES
DNATA
GROUP
FINANCIAL INFORMATION
ADDITIONAL INFORMATION

CONSUMING RESPONSIBLY

Given the scale of its worldwide operations, Emirates and dnata are conscious that a small change could have a major impact when it comes to resource consumption and waste reduction. This will remain an area of focus under the refreshed Group Environmental Framework.

Our 2019-20 figures show an increase in waste to landfill over the previous year, largely driven by better data collection and reporting across more business units. Improved data on waste generation will support the prioritisation of efforts, and continue to play a big part of our waste reduction journey.

Since June, over 100 million pieces of single use plastics have been removed from Emirates aircraft as part of its long-term sustainability goals. The airline has been working to reduce its use of items such as salt and pepper covers, plastic menu bags, as well as plastic wrapping for toys. Close to 15 million pieces of plastic have been diverted from landfill with just these three items. Emirates has also replaced amenity kit bag contents, child meal cutlery, stirrers and swizzle sticks, straws and waste bags with eco-friendly alternatives.

On the ground, over 1.1 million single use plastic bottles have been removed from Emirates' and dnata's ground operations and replaced with eco-friendly alternatives for employees to use. Moving away from bottled water options, marhaba lounges began providing customers with filtered water, helping further reduce waste to landfill for the millions of customers it serves in its lounges every year.

In the UAE, Emirates Flight Catering produces over 200,000 meals on an average day, and some of its biggest sustainability initiatives include food waste projects. In an effort to use the whole product, close to 500 kilogrammes of food items, including fruits, vegetables, bakery items and meat, are saved each day to be used in small goods, or are reused for different purposes in its retail operations.

In Australia, a series of measures have also helped to divert from landfills over 250 tonnes of food waste produced at dnata catering. Initiatives include food waste being treated on-site using processes such as bio-digestion. In addition, excess food is being donated to charities who provide meals for people in need in both Australia and the UK.

To mark World Environment Day, Emirates transformed its old advertising billboards in South Africa into hundreds of reusable school bags from the PVC flex material. The bags were donated to students of a local school. Emirates partnered with a Soweto-based entrepreneur in this upcycling effort to spread the message of sustainability and make a positive impact on local communities.

This successful upcycling initiative was replicated in Nigeria in September, where Emirates worked with two Nigerian entrepreneurs to turn its old advertising billboards into school bags, donated to students of two schools in Lagos.

Jun
Emirates commits to reducing single-use plastic on board its aircraft network wide.

Oct
Emirates Flight Catering introduces new packaging solution that cuts 750 tonnes of cardboard waste annually, the equivalent of 260,000m² (65 acres), from its food manufacturing operations.

PRESERVING WILDLIFE AND HABITATS

Emirates remains committed to combatting the illegal wildlife trade, and to marshalling our resources in support of this cause. We have zero tolerance on carrying banned species, hunting trophies or any products associated with illegal wildlife activities. Our ground handling colleagues are trained in IATA's Live Animal Regulations and our internal policies on carrying wildlife. Our frontline employees are trained to recognise and report suspicious cargo.

Emirates marked 20 years in its support for habitat and wildlife conservation at the Dubai Desert Conservation Reserve, a partnership that began in 1999. Last year, the reserve continued to build on its successful programmes to track, maintain and reintroduce native wildlife species, such as the Arabian oryx, Arabian gazelle, and sand gazelle. A highlight was the release of 250 MacQueen's bustards in January, in conjunction with the National Aviation Research Centre and the office of HH Sheikh Mohammed bin Rashid al Maktoum.

At Emirates Wolgan Valley in Australia, the team worked closely with the local community to evacuate on-site animals as bushfires swept across the country.

Conservation work has always been a big part of the Wolgan Valley experience, and post fires, habitat restoration work was stepped up with guests being invited to participate in helping the bushland and waterways. With their help, there is now a seed bank of over one million seeds representing 25 local native species that will now play a vital role in repopulating areas of damage. Field guides have noted native wildlife has already returned with kangaroos, wallabies, wombats, reptiles and birdlife roaming abundantly.

We have established a dedicated reporting channel to empower our people and partners to stop illegal trade by flagging confidential information that can protect endangered species.

Recognising that the illegal wildlife trade is a problem for passenger transportation as well as cargo, Emirates' Airport Services team at Dubai International rolled out an online awareness course on the illegal wildlife trade for their team which has been completed by nearly 2,600 employees.

In addition to internal campaigns to create awareness amongst our workforce, Emirates also engages with our customers by regularly featuring interviews, wildlife programmes and films on ice, our inflight entertainment system, and articles in Open Skies our inflight magazine.

Emirates is an active participant in various industry and international efforts to tackle the illegal wildlife trade including United for Wildlife, ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species), and the World Travel and Tourism Council (WTTC).

Apr
We held a community planting event in the UAE to plant the country's national tree, the ghaf, with the support of social enterprise Goumbook. Employees and their families came together to plant the saplings, which are adapted to the UAE's desert climate. The ghaf tree also features as a motif in Emirates' Boeing 777 'Gamechanger' aircraft cabin design.

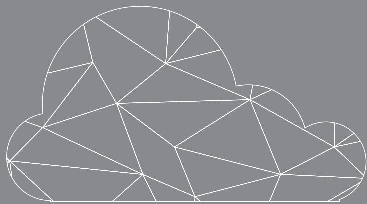
Apr
dnata signs a Memorandum of Understanding with the University of Pretoria in South Africa to support their wildlife research and rehabilitation projects.

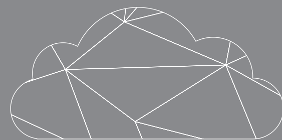
Jun
dnata colleagues volunteer at Chimp Eden, one of the three wildlife charities the company supports in South Africa.

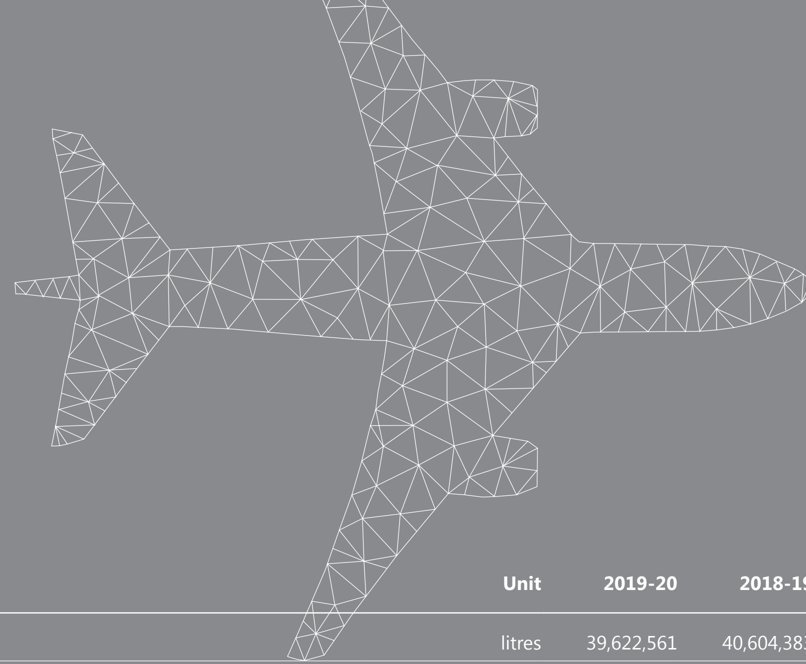
SUSTAINABILITY PERFORMANCE

The performance indicators below cover the Group's business operations from its hub, Dubai including Emirates Flight Catering operations and other group entities registered in the UAE and where Emirates or dnata have management control during the financial year ended 31 March 2020. It does not include our hotel operations, retail operations under Emirates Leisure Retail, operations of our group entities (fully or partially owned) registered outside the UAE or ground operations at locations outside the UAE. References to Scope 1 and 2 emissions below are based on definitions from the Greenhouse Gas Protocol – revised edition.

Priority	Performance indicator	Unit	2019-20 (Apr19-Feb20)	2018-19	% change
Aircraft fuel consumption, fuel efficiency, and CO_2 efficiency [1, 2]	Fleet age	years	6.8	6.1	11.0
	Jet fuel (Total fleet including wet-leased freighters)	tonnes	10,879,616	11,580,308	-6.1
	Aviation gasoline (Training aircraft)	tonnes	165	44	275
	Passenger fuel efficiency (Passenger fleet)	L/100pkm	4.03 (3.99)	4.11	-1.9
	Freighter fuel efficiency (Freighter fleet excluding wet-leased freighters)	L/ftk	0.1764 (0.1727)	0.1643	7.4
	Combined fuel efficiency (Total fleet excluding wet-leased freighters)	L/tk	0.325 (0.322)	0.326	-0.3
	Passenger CO_2 efficiency (Passenger fleet)	g CO_2 / pkm	100.0 (99.0)	102.0	-2.0
	Freighter CO_2 efficiency (Freighter fleet excluding wet-leased freighters)	g CO_2 / ftk	437.6 (428.4)	407.6	7.4
	Combined CO_2 efficiency (Total fleet excluding wet-leased freighters)	kg CO_2 / tk	0.805 (0.799)	0.810	-0.6
Aircraft noise and local air quality	Fleet cumulative margin to Chapter 4 noise standards	EPNdB	-11.71	-11.41	-2.6
	Fleet cumulative margin to Chapter 4 noise standards	%	-6.98	-6.88	-0.10 % points
	Nitrogen oxide (NOx) emissions (landing and take-off cycle)	tonnes < 3,000 ft	13,126	14,127	-7.1
	Carbon monoxide (CO) emissions (landing and take-off cycle)	tonnes < 3,000 ft	8,913	9,622	-7.4
	Unburnt hydrocarbons (UHC) emissions (landing and take-off cycle)	tonnes < 3,000 ft	955	1,040	-8.2
	Fleet margins below regulatory limits for NOx	%	-10.52	-10.15	-0.37 % points
	Fleet margins below regulatory limits for CO	%	-57.03	-56.54	-0.49 % points
	Fleet margins below regulatory limits for UHC	%	-65.27	-64.56	-0.71 % points
	Fuel Jettison Events [3]				
	Total events		10	19	-47.4
	Jettisoned fuel	tonnes	328	568	-42.3







Priority	Performance indicator	Unit	2019-20	2018-19	% change
Vehicle and ground service equipment fuel consumption	Diesel	litres	39,622,561	40,604,383	-2.4
	Petrol	litres	13,943,692	15,691,002	-11.1
Electricity and water [4]	Electricity consumption	MWh	460,321	479,393	-4.0
	Water consumption	ML	2,352	2,388	-1.5
Materials and waste	Waste (landfill)	tonnes	69,304	57,121	21.3
	Material recycled	tonnes	7,555	6,728	12.3
CO_2 emissions [5]	*Scope 1*				
	Flight operations	tonnes	34,380,099	36,593,909	-6.0
	Ground operations	tonnes	139,330	144,593	-3.6
	Total Scope 1 emissions	tonnes	34,519,429	36,738,502	-6.0
	Scope 2				
	Electricity	tonnes	193,335	201,345	-4.0
	Total Scope 2 emissions	tonnes	193,335	201,345	-4.0
	Total CO_2 emissions	tonnes	34,712,764	36,939,847	-6.0
Energy consumption	Energy from fuel consumption	TJ	479,756	510,599	-6.0
	Energy from electricity consumption	TJ	1,657	1,726	-4.0
	Total energy consumption	TJ	481,413	512,325	-6.0

1 Passengers carried includes actual uplift excluding crew on duty. Kilometres flown is the planned actual ground distance from the Emirates flight planning system, corrected for the effect of wind.

2 Payload of the aircraft in tonnes (including non-revenue cargo) multiplied by the distance flown in kilometres.

3 Fuel is only jettisoned in an in-flight emergency situation when it is necessary to lower the aircraft weight to ensure a safe landing. This includes all Emirates operated aircraft.

4 Excludes some facilities located within Dubai airports due to lack of metered data.

5 CO_2 emissions are calculated using the US Environmental Protection Agency (EPA) Emission Factors for Greenhouse Gas Inventories, the ICAO standard CO_2 emissions factor for jet fuel (3.16 kg CO_2 per kg of Jet A/Jet A-1 fuel), and the DEWA grid emissions factor for electricity in Dubai.

6 Aircraft fuel and CO_2 efficiency metrics are additionally presented for the 11-month period ended 29 February 2020 in brackets, as operations post that period were significantly impacted by COVID-19 pandemic.

EMIRATES NETWORK

Emirates operates flights to 157* destinations in 83 countries, offering industry-leading passenger and cargo air transport services.

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

*prior to temporary suspensions due to COVID-19 pandemic in March 2020.

Emirates destinations ●

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

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

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

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

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

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

AUSTRALASIA
ADELAIDE
AUCKLAND
BRISBANE
CHRISTCHURCH
MELBOURNE
PERTH
SYDNEY

Emirates presence ●

NORTH AMERICA
BOSTON
CLEVELAND
NEW YORK
PITSBURGH
WASHINGTON

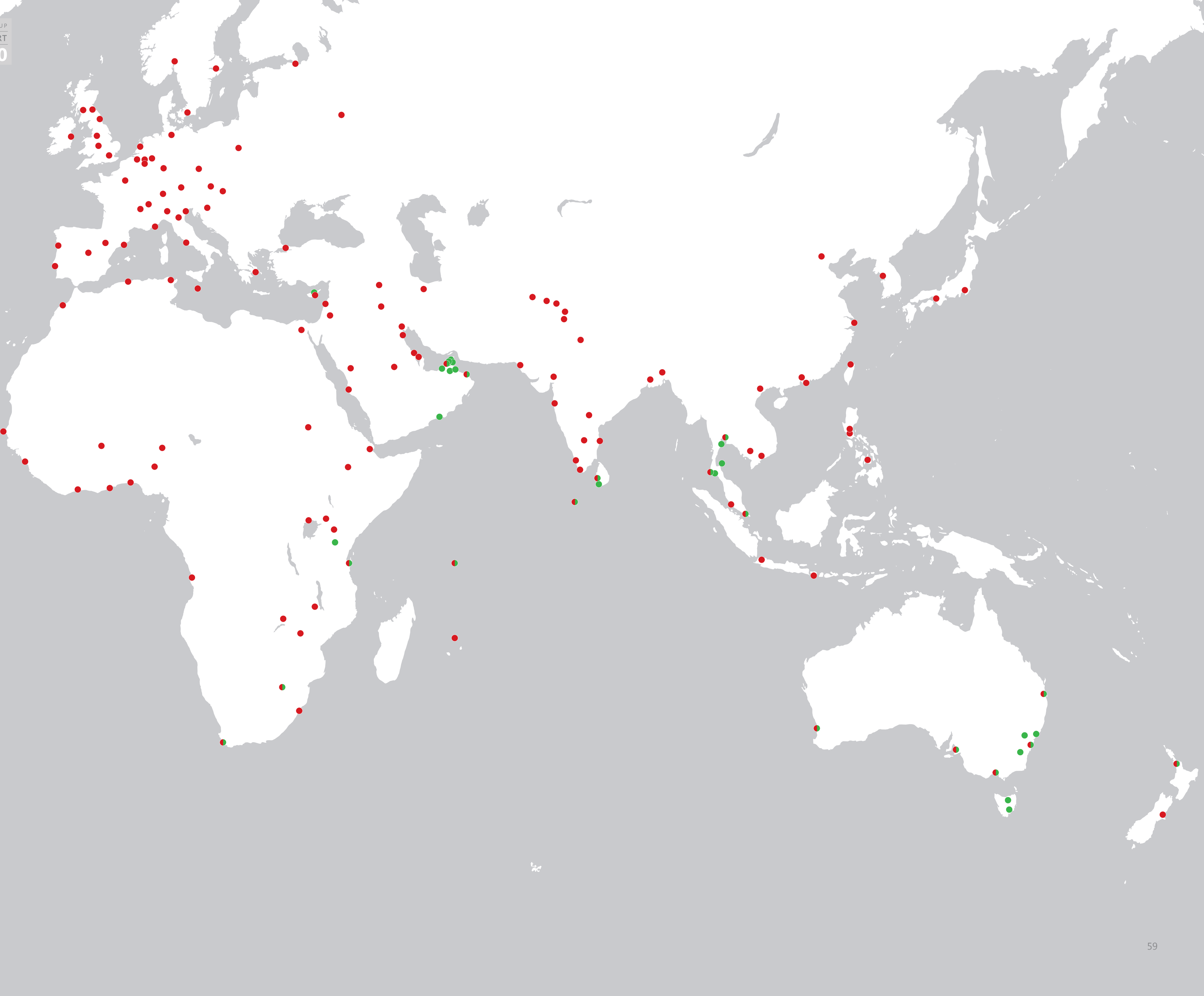
EUROPE
NICOSIA

AFRICA
ARUSHA
CAPE TOWN
DAR ES SALAAM
JOHANNESBURG
SEYCHELLES

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

ASIA
BANGKOK
COLOMBO
GALLE
HUA HIN
KRABI
MALE
PHUKET
SAMUI
SINGAPORE

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



DNATA NETWORK

dnata's business footprint in airport operations, catering and travel services, span 197 cities and airports across the globe.

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

dnata presence ●

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

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

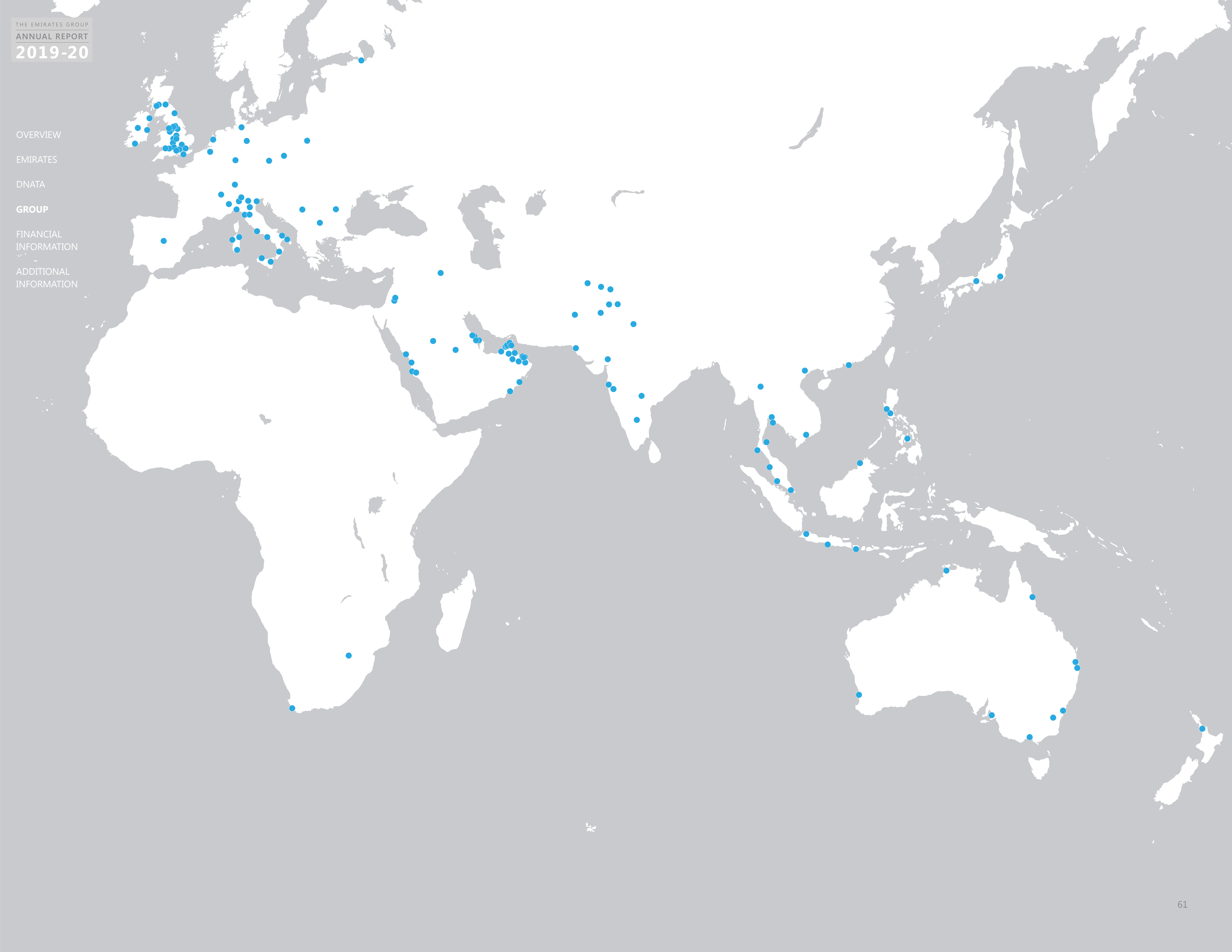
EUROPE
ALGHERO
ALTON
AMSTERDAM
BARI
BELFAST
BERGAMO
BELGRADE
BIRMINGHAM
BOLOGNA
BRIGHTON
BRINDISI
BRISTOL
BRUSSELS
BUCHAREST
CAGLIARI
CARDIFF
CATANIA
CHELTENHAM
CORK
DONCASTER
DUBLIN
EAST MIDLANDS
EDINBURGH
FRANKFURT
FLORENCE
GENEVA
GENOA
GLASGOW
HALIFAX
KINGSTON
KNUTSFORD
LAMEZIA TERME
LEEDS
LEIPZIG
LONDON GATWICK
LONDON HEATHROW
LONDON STANSTED
LUTON
MADRID
MANCHESTER
MILAN LINATE
MILAN MALPENSA
NAPLES
NEWCASTLE
OLBIA
OSTRAVA
PALERMO
PISA
PRAGUE
PRESTON
PRESTWICK
ROME FIUMICINO
SANDYCROFT
SHANNON
SOFIA
SOLIHULL
ST. PETERSBURG
SWINDON
TURIN
VENICE
VERONA
WARSAW
WINCHESTER
ZURICH

AFRICA
CAPE TOWN
JOHANNESBURG

MIDDLE EAST
ABU DHABI
AJMAN
AL AIN
AL KHOBAR
AMMAN
BAHRAIN
BURAIMI
DAMMAM
DUBAI INTERNATIONAL
DUBAI WORLD CENTRAL
DUQM
ERBIL
FUJAIRAH
IBRA
IBRI
JEDDAH
JUBAIL
MAABELA
MARKA
MUSCAT
NIZWA
QASSIM
RABIGH
RAS AL KHAIMAH
RIYADH
SALALAH
SEEB
SHARJAH
SOHAR
TAIF
YANBU

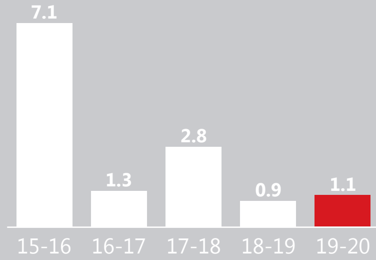
ASIA
AHMEDABAD
BALI
BANGKOK
BENGALURU
CEBU
CHIANG MAI
CLARK
DELHI / NOIDA
FAISALABAD
HANOI
HO CHI MINH
HONG KONG
HYDERABAD
ISLAMABAD
JAKARTA
KABUL
KARACHI
KOH SAMUI
KOTA KINABALU
KUALA LUMPUR
KYOTO
LAHORE
MANILA / MAKATI
MULTAN
MUMBAI
PATTAYA
PENANG
PESHAWAR
PHUKET
PUNE
QUETTA
SINGAPORE
TOKYO
YOGYAKARTA

AUSTRALASIA
ADELAIDE
AUCKLAND
BRISBANE
CAIRNS
CANBERRA
COOLANGATTA
DARWIN
MELBOURNE
PERTH
SYDNEY

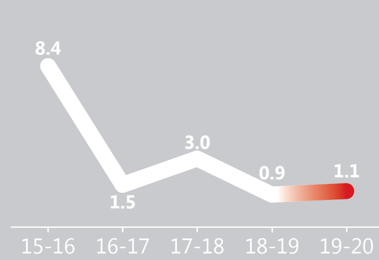


EMIRATES FINANCIAL COMMENTARY

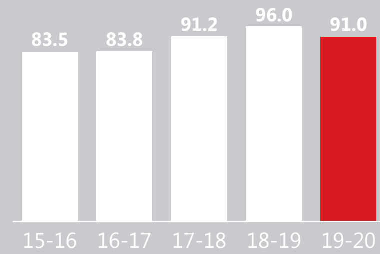
Profit attributable to the Owner in AED bn



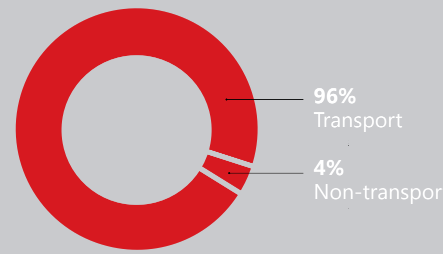
Profit margin in %



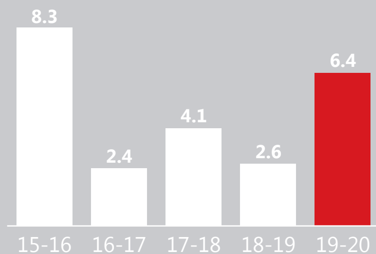
Revenue trend in AED bn



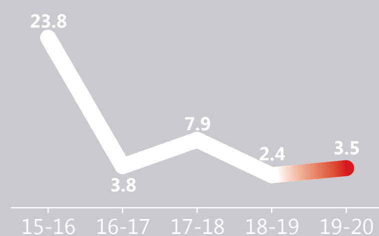
Revenue split in %



Operating profit in AED bn



Return on shareholder's funds in %



Revenue in AED m	**2019-20**	**2018-19**	**% change**	**2019-20 as % of revenue**
Passenger	75,587	78,562	(3.8)	83.1
Cargo	11,207	13,056	(14.2)	12.3
Excess baggage	478	444	7.7	0.5
Transport revenue	**87,272**	**92,062**	**(5.2)**	**95.9**
Sale of goods	2,745	2,918	(5.9)	3.0
Hotel operations	584	669	(12.7)	0.7
Others	394	391	0.8	0.4
Non-transport revenue	**3,723**	**3,978**	**(6.4)**	**4.1**
Total	**90,995**	**96,040**	**(5.3)**	**100.0**

As we closed our financial year 2019-20 and entered into the next one, the world around us had succumbed to the economic hardships brought by the global pandemic of COVID-19. Never before has the aviation and travel industry faced a crisis of this breadth and scale – geographically, as well as from a health, social, and economic standpoint.

As a global network airline, we too find ourselves in a situation where we cannot viably operate full passenger services until countries re-open their borders, and travel confidence returns. This is turning out to be the most challenging crisis in Emirates history and the outlook for the financial year 2020-21 remains uncertain.

We stepped into the financial year 2019-20 with reduced activity to support a planned 45-day runway closure at Dubai International airport ("DXB") and covered lost ground with strong second and third quarter performances. We were flying at a high altitude against our current year financial targets until February 2020, when our flight path was changed by the COVID-19 outbreak and volatile oil prices.

Financial year 2019-20 marked our 32nd consecutive profitable year, despite revenues and profits being negatively impacted in the month of March 2020.

Like in previous years, we added new destinations to our service map, expanded our A380 network and entered new markets during this financial year.

New aircraft orders were announced by Emirates in November 2019 worth USD 24.8bn (AED 91bn) at the Dubai air show with Airbus and Boeing. The orders included 50 Airbus 350s worth USD 16bn (AED 59bn) and 30 Boeing 787-9 aircraft amounting to USD 8.8bn (AED 32bn). These aircraft will provide us the agility and flexibility as we develop and grow our route network.

We continued to operate a young and efficient fleet. 6 Airbus 380s were added and 6 older Boeing 777 aircraft were phased out this year. This assisted in enhancing our seat capacity and ensured that we continue to provide a fresh experience to our passengers. Our modern fleet of Airbus 380 and Boeing 777 aircraft connected 157 destinations across six continents through our hub in Dubai, facilitating global travel and trade, and transporting 56.2 million passengers and carrying 2.4 million tonnes of cargo during the year. The numbers fell in comparison to the previous year due to the temporary suspensions led by the COVID-19 pandemic and a 45-day runway closure at DXB.

Our quest to find innovative ways to enhance our product offerings and service levels for our customers continued. We launched 'Emirates Delivers' - our new dedicated e-commerce delivery platform and 'Skywards Everyday' - an extension of our award-winning loyalty programme for earning Skywards miles on day-to-day expenditure.

Effective April 2019, we implemented the new lease accounting standard, IFRS 16, on a modified retrospective basis. IFRS 16 has no cash flow or economic impact on Emirates but does change the way expenditure is reported in the income statement, together with how leased assets, liabilities, and associated cash flows are reported in the primary financial statements and disclosure notes.

Profitability

Our profit for the year improved from previous year and stood at AED 1.1bn (2018-19: AED 0.9bn) and our profit margin moved up to 1.1% (2018-19: 0.9%).

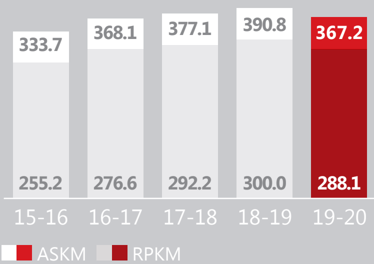
Before the outbreak of COVID-19, we deployed our capacity to take advantage of opportunities, and a healthy customer demand for Emirates' products helped in the improvement of seat load factors. At the same time, a tighter rein on costs was ensured which drove better margins. However, our March 2020 results were severely impacted by the suspension of flights following the lock-down by countries due to the spread of COVID-19. Our profits for the month were more than AED 1.5bn worse than expected.

With reduced equity due to IFRS 16 adoption, our return on shareholder's funds improved to 3.5% (2018-19: 2.4%).

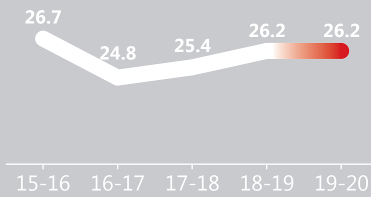
Revenue

Our revenues declined to AED 91.0bn. Transport revenue which forms almost 96% of Emirates' revenue decreased by 5.2% to AED 87.3bn (2018-19: AED 92.1bn). The reduction in both passenger and cargo revenue was primarily due to geopolitical instability in key markets throughout the year, runway closure and the weakening of global currencies against the US Dollar - having an adverse impact of AED 2.5bn on our top line. Further, COVID-19 lost us over AED 3.4bn in revenues in the month of March 2020.

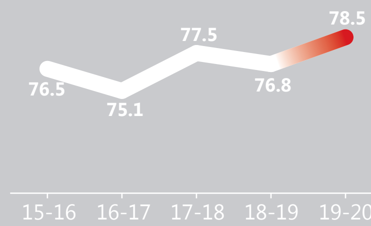
Available seat kilometres (ASKM) and RPKM in AED bn



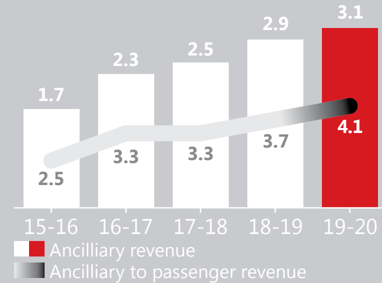
Passenger yield in fils per RPKM



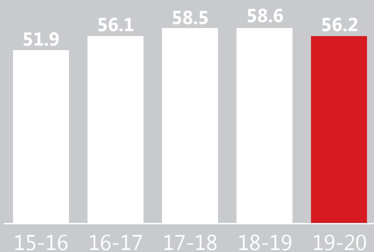
Passenger seat factor in %



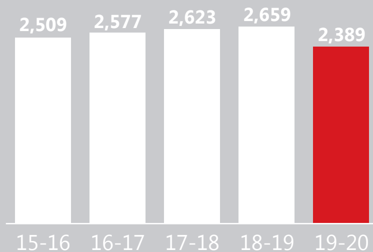
Ancilliary revenue in AED bn and as a % **of passenger revenue**



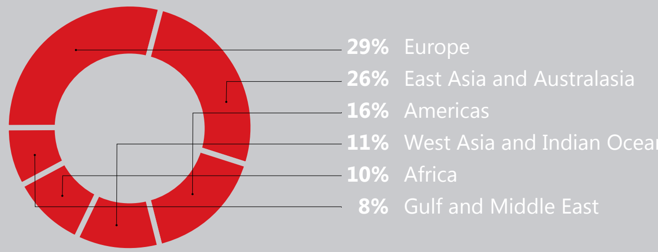
Passenger numbers in millions



Cargo carried in tonnes '000



Geographical revenue in %



Passenger revenue and seat factor

Our core passenger revenue (including excess baggage) reduced by 3.9% to AED 76.1bn (2018-19: AED 79.0bn) resulting from reduced passenger capacity and traffic. Our passenger capacity, measured in ASKMs and passenger traffic, measured in RPKMs closed at 367.2bn – reduction of 6% (2018-19: 390.8bn) and 288.1bn (2018-19: 300bn) – drop of 4%, respectively. This was due to the runway closure at the beginning of the year and significant unplanned flight disruptions due to the COVID-19 pandemic in March 2020.

Demand for our world class product offerings remained high as reflected by our pronounced seat factor of 78.5% (2018-19: 76.8%), up by 1.7% pts. Passenger yield stood strong at AED 26.2 fils (2018-19: AED 26.2 fils) per RPKM.

Our in-flight retail offering got even better with the launch of EmiratesRED, a dedicated shopping channel for our customers. Our on-board hospitality levels inched higher as we continued to refresh our luxury products helping the premium class seat factor to further increase by 0.5% pt.

Along with organic growth, we continued to forge partnerships to expand our offering and benefit customers. We signed a codeshare agreement with SpiceJet - providing travellers to and from India seamless access to a wider and a stronger route network. We also enhanced our existing agreement with InterJet Airlines - which is set to open new routes and destinations for passengers travelling between Mexico, the Gulf, Middle East and beyond. Further, we completed two years of our strategic partnership with flydubai. All these new and existing partnerships continue to provide increased destination choices to our customers.

We opened our first remote check-in terminal at Port Rashid in Dubai which provides seamless connections for cruise passengers for their onward Emirates departure.

Our award winning Skywards programme touched 25 million members this year, adding another feather to its achievements. The programme was further energised through initiatives like 'Skywards Everyday', which partners with retail corporates and helps members to earn Skywards miles on their day-to-day expenditure and 'Skywards Exclusive', offering members access to the airline's unique, money-can't-buy sponsorship experiences.

Our ancillary offerings mainly including in-flight upgrades and paid seats generated revenue of AED 3.1bn (2018-19: AED 2.9bn) and contributed 4.1% (2018-19: 3.7%) of total passenger revenue for the year.

Cargo revenue

SkyCargo revenue reduced by 14.2% to AED 11.2bn (2018-19: AED 13.1bn) as the business felt the brunt of a difficult market environment this year. Global trade wars and elevated uncertainty affected our air freight business restricting our annual cargo tonnage to 2,389 thousand tonnes (2018-19: 2,659 thousand tonnes), a reduction of 10%.

FTKMs reduced by 12.4% to 12.0bn (2018-19: 13.7bn) and the yield per FTKM decreased by 2% over the previous year resulting from lower fuel surcharge and a strengthening US Dollar.

Our freighter network saw the introduction of Taipei, Kano and Lagos while we suspended operations in Bogota, Los Angeles, Luxembourg and Mexico City.

Despite difficult market conditions, we continued investing towards the enrichment of our product by launching 'Emirates Delivers' - our new, fast, reliable and cost-effective e-commerce shipping solution which provides customers with purchase consolidation options in the United States prior to being delivered at their preferred destination - currently serving the UAE market.

This year, among other initiatives, SkyCargo also strengthened its pharmaceuticals related logistics capabilities with the new purpose-built facility in Chicago, reinforcing its position as the global market leader for the air transport of temperature sensitive pharmaceuticals and expanded its pharmaceutical network to 20 stations by entering into successful arrangements with ground handling partners and other local stakeholders.

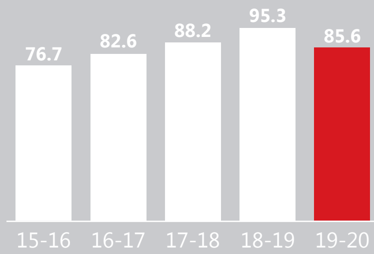
Non-transport revenue

Our non-transport revenue which includes the sale of consumer goods, catering operations, sales at F&B outlets and hotel operations contributed 4.1% (2018-19: 4.1%) of our total revenue and dropped by 6.4% to AED 3.7bn (2018-19: AED 4.0bn). This was due to difficult market conditions throughout the year, exacerbated by the COVID-19 pandemic.

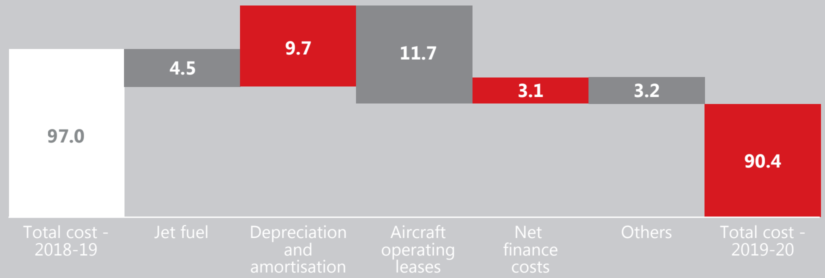
Revenue distribution

Emirates continues to benefit from a geographically diverse revenue base, with no region contributing more than 30% of revenue. Europe stands as our largest revenue contributor at 28.7% (2018-19: 29.4%). Americas continued to mature due to capacity growth and the Indian sub-continent too showed improvement compared to last year due to better customer confidence in our product. Revenue for all the other regions declined in line with the decrease in overall revenue.

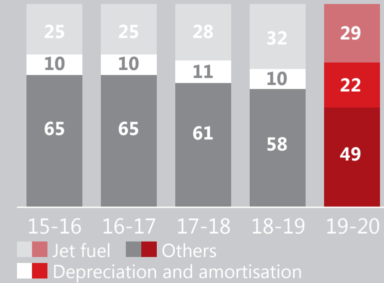
Total operating costs in AED bn



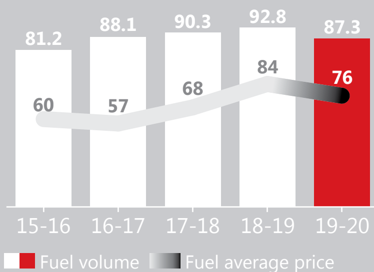
Total cost movement in AED bn



Key operating costs as % of total costs

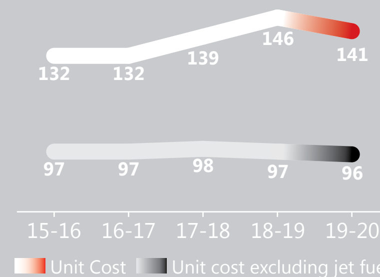


Fuel volume in million barrels
and **average price** in USD per barrel



Total costs in AED bn	**2019-20**	**2018-19**	**% change**	**2019-20 as % of total cost**
Jet fuel	26.3	30.8	(14.6)	29.1
Depreciation and amortisation	19.4	9.7	100.0	21.5
Employee	12.1	12.6	(4.0)	13.4
Aircraft operating leases	-	11.7	(100.0)	0.0
Direct operating costs	16.4	17.5	(6.5)	18.1
Other operating costs	11.4	13.0	(12.3)	12.6
Total operating costs	**85.6**	**95.3**	**(10.2)**	**94.7**
Net finance costs	**4.8**	**1.7**	**182.4**	**5.3**
Total	**90.4**	**97.0**	**(6.8)**	**100.0**

Unit cost in fils per ATKM



Expenditure

Total costs

Our total costs for the year were AED 90.4bn (2018-19: AED 97.0bn), showing a reduction of 6.8% from previous year.

Impact on adoption of IFRS 16

As required by IFRS 16, operating lease charges have been replaced by interest and depreciation expenses. IFRS 16 typically causes the profit line to be front-loaded. As projected, with Emirates operating a young aircraft fleet, the adoption of IFRS 16 resulted in an adverse income statement impact in the current year. Since the numbers for financial year 2018-19 have not been restated, income statements for the two years are not directly comparable.

Jet fuel

Jet fuel remained our single largest element of total costs at 29.1% (2018-19: 32.3%). The market prices for jet fuel remained volatile fluctuating between USD 63/barrel to USD 82/barrel. The average price in 2019-20 was USD 76/barrel, a decrease of 9% versus last year. This, together with a lower fuel uplift of 6%, due to reduced capacity, resulted in our fuel bill dwindling by 14.6% to AED 26.3bn (2018-19: AED 30.8bn). As a result, fuel costs per ATKM dropped to 45 fils (2018-19: AED 49 fils).

Almost 20% of our jet fuel purchases were hedged during the year. We are vigilantly evaluating and responding to fuel price risk on an ongoing basis.

Depreciation and amortisation

With the adoption of IFRS 16 from 1 April 2019, our depreciation and amortisation expenses have risen considerably and now form 21.5% - the second largest component - of total costs (2018-19: 10%). A charge of AED 9.4bn was recognised in the current year as depreciation of right-of-use assets in respect of aircraft and other assets. Consequently, operating lease expenses reduced to Nil. This expense line also increased due to following; i) the delivery of 6 aircraft this year, ii) staff accommodation facilities and other leases added as right-of-use assets and iii) contractual rights purchased on our aircraft maintenance programme. All this was on top of the full year depreciation impact of last year's aircraft deliveries and other capital assets.

Employee cost

Employee costs at AED 12.1bn (2018-19: AED 12.6bn) were down by 4% due to reduced head count and the change in accounting for staff accommodation related operating lease costs which are now included in the right-of-use assets related depreciation charge.

Direct operating costs

Our direct operating costs ('DOCs') include aircraft related handling, in-flight catering, overflying, landing & parking, crew layover and aircraft maintenance expenses which reduced by 6.5%, in line with our capacity reduction.

Other operating costs

Other operating costs comprise sales and marketing, facilities, technology costs and corporate overheads. These costs have been successfully managed via various innovative and sustainable cost-saving initiatives and stood at AED 11.4bn (2018-19: AED 12.7bn), a reduction of 12.3% compared to previous year.

Unit costs per ATKM

Our unit costs per ATKM showed an improvement and stood at 141 fils (2018-19: 146 fils) per ATKM primarily due to reduction in fuel prices.

Unit costs excluding fuel showed a marginal decline from last year and reached 96 fils (2018-19: 97 fils) per ATKM primarily due to the weakening of major currencies against the US Dollar having a positive impact of AED 0.7bn on our cost base.

Finance costs

Net finance costs rose to AED 4.8bn (2018-19: AED 1.7bn), a significant jump due to the adoption of IFRS 16, resulting in lease liabilities being recognised on the balance sheet and corresponding interest expense has been recognised. The increase was partially offset due to Emirates' watchful strategy of debt refinancing to leverage lower interest rates prevailing in the market.

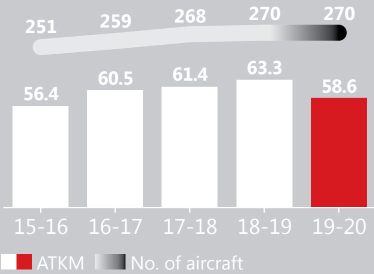
Other financial gains and losses

Following the rapid global spread of COVID-19, we no longer expect to consume the same volume of jet fuel as initially envisaged given the reduction in planned operations. Consequently, the existing crude oil hedge relationships were adjusted in accordance with IFRS 9, by reforecasting jet fuel uplifts and the resulting hedge ineffectiveness of AED 1.1bn was recognised in the income statement.

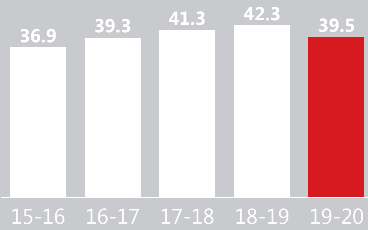
This charge was partially offset, to the tune of AED 0.6bn, by gains recorded on settlement of currency derivatives which did not qualify for hedge accounting.

These transactions are disclosed within Note 9 of the consolidated financial statements.

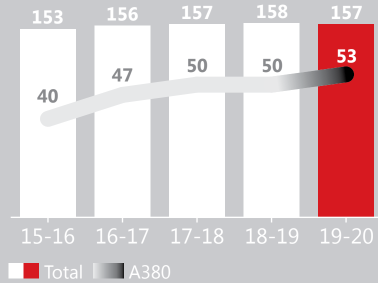
Available tonne kilometres (ATKM) in bn and number of aircraft



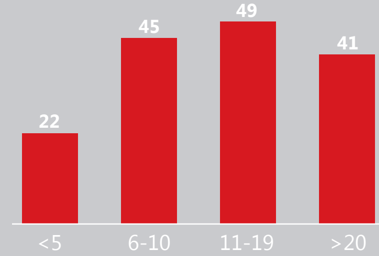
Revenue tonne kilometres (RTKM) in bn



Destinations in numbers

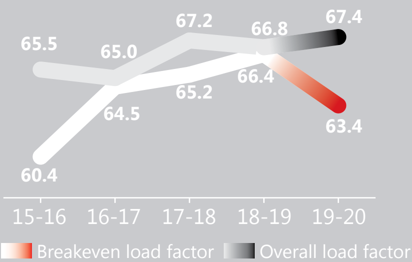


Longevity of destinations* in no. of years

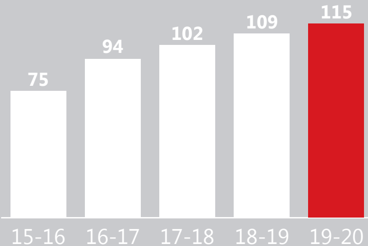


*includes destinations suspended due to COVID-19

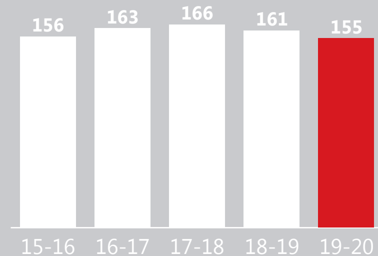
Overall and breakeven load factor in %



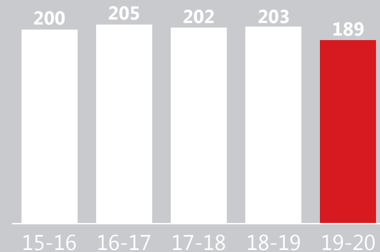
A380 aircraft numbers



B777 aircraft numbers



Aircraft departures in thousands



Capacity, traffic and load factor

Our capacity reduced by 7% compared to the previous year bringing the ATKMs down to 58.6bn (2018-19: 63.3bn). Consequentially, traffic loads or RTKMs dipped by 7% as well and stood at 39.5bn (2018-19: 42.3bn).

These reductions were primarily the result of heavy network suspensions that arose due to the COVID-19 pandemic related lock-downs across the globe in the month of March 2020. In addition, the planned operational suspension due to the DXB runway closure for maintenance purposes at the start of the financial year also pushed our capacity and RTKMs down. Consequentially, the number of departures also saw a decline of 7%.

Keeping these exceptional events aside, we invested sizably in our product and continued to attract traffic owing to our high quality service. As a result, our overall load factor improved by 0.6%pt and closed at 67.4% (2018-19: 66.8%).

Our break-even load factor reduced to 63.4% (2018-19: 66.4%) due to lower unit costs per ATKM resulting from lower fuel price and various cost saving measures.

Our position as the largest operator of the A380 aircraft remained intact and with 6 new deliveries, we now have 115 superjumbos in the fleet. The high seat factor on the A380 continues to demonstrate the customer preference for this aircraft. The fleet carried 43% (2018-19: 41%) of our passengers in 2019-20 and with 53 destinations, around 34% (2018-19: 32%) of the Emirates network is served by our flagship aircraft. This aircraft will remain the cornerstone of our fleet mix and product offering well into the 2030s.

The B777 aircraft continues to remain a strong pillar of our fleet. During the year, we phased out 6 older aircraft, bringing the total fleet size to 155. We still remain the world's largest Boeing 777 operator. This fleet accounts for 57% (2018-19: 59%) of the airline's capacity, carrying nearly 57% (2018-19: 59%) of our passengers and 74% (2018-19: 76%) of our cargo tonnage.

Our Boeing fleet has played a key role in supporting trade and communities with the transport of essential goods and medical aid during the COVID-19 pandemic.

We continued to invest in enhancing customer experience through on-board and ground products, upgrading our lounge and catering offerings; and making improvements to our network by adding new destinations and partnering with other airlines.

Our passenger network was improved by:

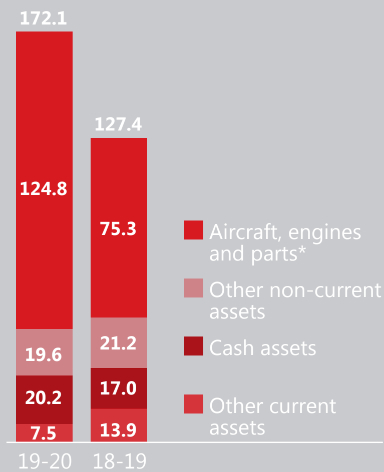
- Introduction of two destinations – Porto, our second point in Portugal after Lisbon and Mexico via Barcelona; along with the full year operations of destinations added in the prior year in the Far East and Europe;
- Higher frequencies to several existing destinations including Abuja, Barcelona, Cairo, Casablanca, Conakry, Durban, Entebbe and London Stansted;
- A new daily service from our hub in Dubai to Phnom Penh via Bangkok;
- New A380 services to Riyadh, Muscat and Cairo; and
- Increased capacity to existing destinations with larger aircraft to Amman, Athens, Boston, Glasgow, Jeddah and Kuala Lampur.

Our freighter network saw the introduction of Taipei, Kano and Lagos while we suspended operations in Bogota, Los Angeles, Luxembourg and Mexico City.

Longevity of destinations

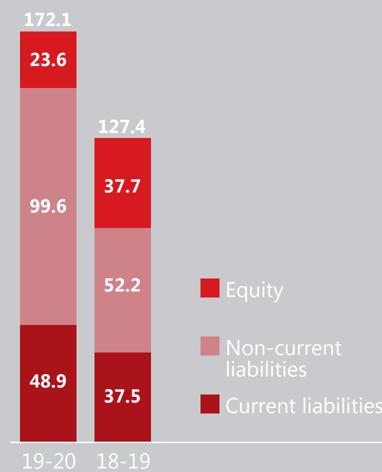
We remain steadfast in our commitment to build our network through improved customer experiences fostering long term loyalty. Our investments continue to be well-received as nearly 31% of our total destinations are being serviced for more than 10 years and 26% for more than 20 years.

Assets in AED bn

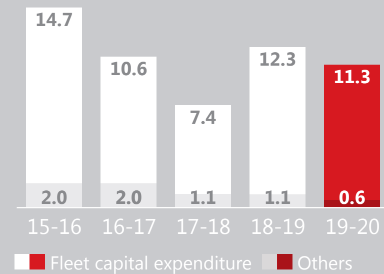


* includes aircraft pre-delivery payments

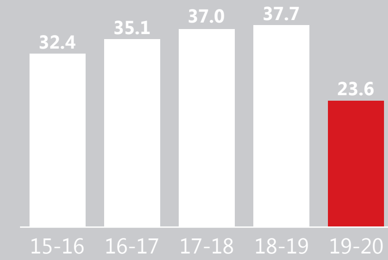
Equity and liabilities in AED bn



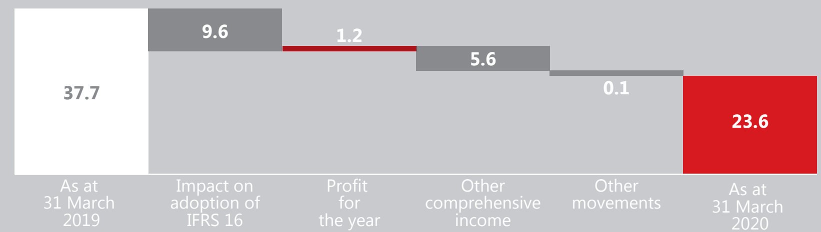
Primary and secondary capital expenditure in AED bn



Equity in AED bn



Equity movement in AED bn



Statement of financial position

Emirates' balance sheet size grew by 35% due to the adoption of IFRS 16. The new standard replaces IAS 17 and requires almost all leases to be recognised on the balance sheet by a lessee, as the distinction between operating and finance leases is removed. Under the new standard, an asset, right-of-use ("ROU") and a financial liability to pay rentals is recognised. Leases are capitalised as ROU assets by recognising the present value of the lease payments while obligations to make future payments under leases, previously classified as operating, are now recognised as debt. Note 2 of the consolidated financial statements provides details of the transition methodology used and the related impact of IFRS 16 on our balance sheet.

Assets

Total assets stood at AED 172.1bn (2018-19: AED 127.4bn), non-current assets increased by 50% or AED 47.9bn while current assets showed a reduction. Current assets, excluding cash assets, dropped by AED 6.4bn due to the adverse impact of COVID-19 on our revenue related receivables which showed a decline of over 50% compared to last year. An amount of AED 1.9bn relating to operating lease prepayments was reclassified to ROU assets as part of the IFRS 16 implementation.

Cash assets remained healthy at AED 20.2bn (2018-19: AED 17.0bn).

Capital expenditure

The investment in our fleet and customer focused initiatives marched ahead this year as well. Capital intensive cash outflows amounted to AED 11.9bn (2018-19: AED 13.4bn).

Primary capital expenditure comprising of aircraft spend (including pre-delivery payments, aircraft and engine parts), major aircraft & engine maintenance related costs and spare engines represented 95% or AED 11.3bn of the total capital spend (2018-19: 92% or AED 12.3bn).

6 new A380s were delivered this year, in line with our strategy to keep our fleet young and efficient. We also completed our 777-200LR refurbishment programme this year and entered into a new engine maintenance contract.

Equity

Despite an increase in profits compared to previous year, Emirates' total equity saw a drop of AED 14.1bn to AED 23.6bn (2018-19: 37.7bn) as at the year end.

This decrease was due to the adoption of IFRS 16 and unfavourable mark-to-market ("MTM") values on our derivative instruments. IFRS 16 adoption led to a reduction of AED 9.6bn in our equity. Negative MTM values of AED 5.6bn primarily relate to fuel related derivatives maturing in the next 24 months. The negative mark-to-market values are due to the crash of oil prices towards the end of our financial year.

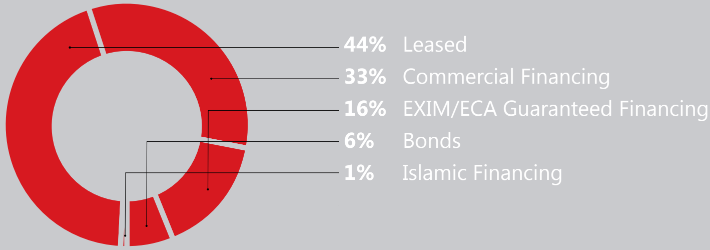
In order to support Emirates during this challenging time, the shareholder decided to retain this year's profit and hence no dividend was declared.

Following the COVID-19 pandemic, we have taken various measures to navigate our business through this crisis, including compensating cost saving measures and reductions in discretionary capital expenditure. These measures also include obtaining committed support from the Government of Dubai which has publicly confirmed that they will financially support Emirates during this period through a variety of measures including additional equity injection, if required.

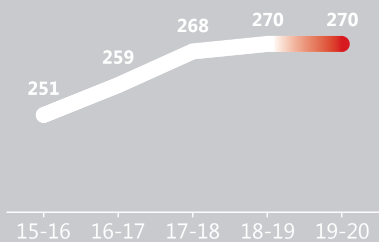
Liabilities

Total liabilities increased by 66% to AED 148.5bn (2018-19: AED 89.7bn) primarily due to recognition of additional lease liabilities on adoption of IFRS 16, offset to some extent by a reduction in forward sales liabilities due to the ongoing COVID-19 pandemic.

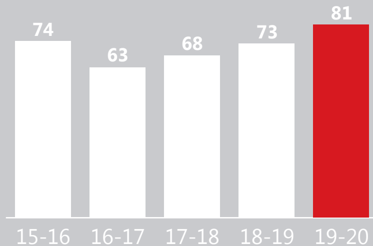
Sources of funding over last 10 years in %



Number of aircraft



Average fleet age in months



Fleet information

Aircraft	Total as at 31 March 2020	Owned*	Leased	Total as at 31 March 2019	Change since 31 March 2019	Future deliveries	Options
A 380-800	115	56	59	109	6	8	-
B 777-300ER	134	66	68	138	(4)	-	-
B 777-200LR	10	6	4	10	-	-	-
B 777-300	-	-	-	1	(1)	-	-
B 787-9	-	-	-	-	-	30	-
B 777-X	-	-	-	-	-	115	61
A 350-900	-	-	-	-	-	50	-
Passenger	**259**	**128**	**131**	**258**	**1**	**203**	**61**
B777-200LRF	11	-	11	12	(1)	-	-
Freighters	**11**	**-**	**11**	**12**	**(1)**	**-**	**-**
Total aircraft	**270**	**128**	**142**	**270**	**-**	**203**	**61**

Note: One A319 aircraft is used for Executive jet charters.
*Includes aircraft acquired on secured financing.

Fleet acquisition and financing

During the year, the airline took delivery of 6 A380s from Airbus and retired 6 of its older (4 B777-300ER, 1 B777-300 and 1 B777-200F) aircraft, reinforcing its position as the world's largest all wide-body aircraft operator.

As part of its long term fleet planning, in November 2019, Emirates announced an order for 50 A350-900 XWB and 30 B787-9 aircraft at list prices of USD 24.8bn. The latest generation A350 and B787-9 aircraft will be delivered to Emirates starting from financial year 2023 and the aircraft will complement Emirates' fleet mix, support network growth, and give more flexibility to serve seasonal or opportunistic demand better. With this, Emirates now has on order 203 aircraft – 8 A380, 50 A350, 115 B777-X and 30 B787-9, excluding options and purchase rights.

Emirates continues to maintain a young fleet age of 6.8 years (81 months) (2018-19: 6.0 years (73 months)), substantially lower than the industry average, consisting of 155 Boeing aircraft and 115 twin-deck A380 aircraft.

During the year, Emirates raised a total of AED 9.3bn (2018-19: AED 14.2bn) in aircraft financing (funded through term loans).

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

As part of an initiative to reduce costs and take advantage of the falling global interest rates, we refinanced USD 673m and repriced USD 843m of debt in this financial year, resulting in an estimated overall future cost savings of over USD 30m.

Since 2010, Emirates has repaid over AED 15bn (USD 4.1bn) towards capital markets issuances including scheduled repayments of amortising debt as well as the UK Export Finance backed SUKUK and Corporate SUKUK.

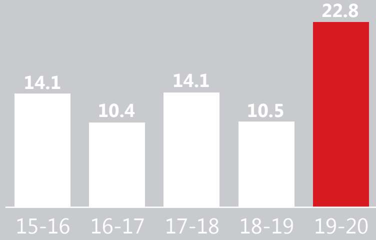
Emirates' strength of operations and cash flow generation underscore the consistent ability to meet obligations in a timely manner. We continue to repay our financing liabilities as they become due from our cash resources.

Emirates and its financing associates won the 'Aviation 100 Middle East & Africa Supported Finance Deal of the Year for 2019', resulting from the financing of two Emirates A380 aircraft, which was the first A380 Bpifrance (French Sovereign Export Credit Agency) Assurance Export backed financing that also combined a commercial tranche sourced from Korean investors.

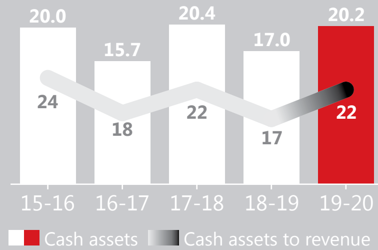
Having raised close to AED 200bn (USD 54.5bn) total financing over the last 10 years, Emirates has been successful in maintaining a well-diversified financing portfolio. Tapping into various sources of funding, both in terms of structure and geography, Emirates continues to successfully manage its long term financing strategy.

Following the outbreak of COVID-19, we are making all efforts to maintain sound liquidity. In March 2020, we raised additional liquidity through term loans, revolving credit and short term trade facilities to the tune of AED 4.4bn (USD 1.2bn) and we continue to tap the bank market for further liquidity in the first quarter of financial year 2020-21 to provide a cushion for the impact of COVID-19 on the business cash flows in the short term.

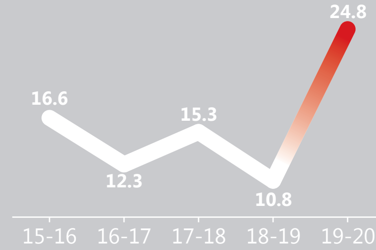
Cash generated from operating activities in AED bn



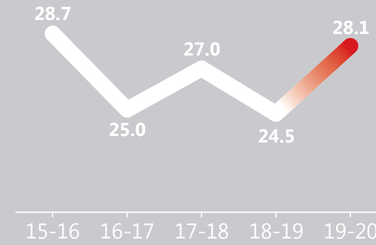
Cash assets in AED bn **and Cash assets to total revenue** in %



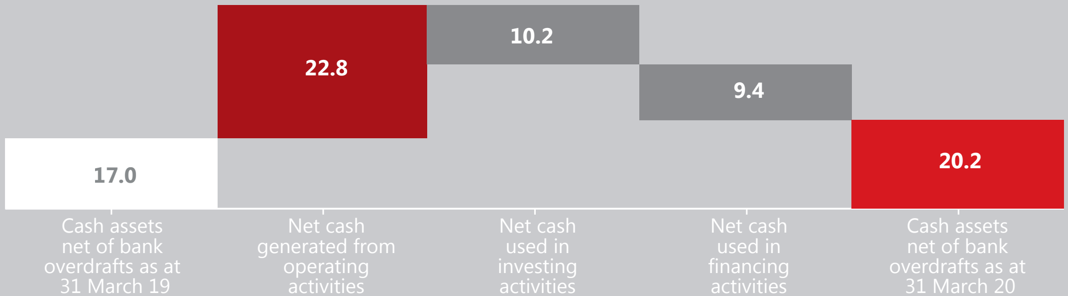
Operating cash margin in %



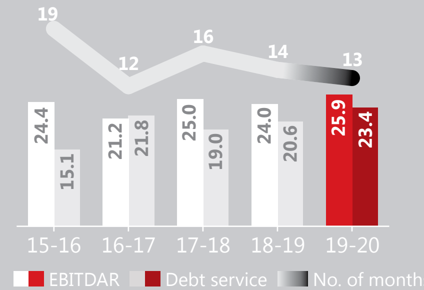
EBITDAR margin in %



Cash flow in AED bn



EBITDAR and debt service in AED bn



Cash position

Cash assets

Despite a difficult last month of FY 2019-20 which saw our revenues and profit line severely impacted, our cash assets which include short term bank deposits were at a robust AED 20.2bn (2018-19: AED 17.0bn), up by 19%. However, our cash reserves will remain under pressure given the unpredictable impact of the COVID-19 pandemic on our business in the financial year 2020-21.

Cash assets to total revenue improved to 22% (2018-19: 17%) and is well within our target range of 25% +/- 5%.

Cash from operating activities

Cash generation from operating activities of AED 22.8bn (2018-19: AED 10.5bn) improved by 117%. However, this is not directly comparable to the prior years due to the change in presentation of cash flows in the consolidated financial statements upon implementation of IFRS 16.

As per the new standard, the cash flows related to previously off balance sheet leases (operating leases) are disclosed in investing activities rather than operating activities.

Increased cash generated from operating activities also meant an improvement in our operating cash margin which reached 24.8% (2018-19: 10.8%).

EBITDAR and debt service

Cash profit from operations (EBITDAR) at AED 25.9bn (2018-19: AED 24.0bn) was 7.8% higher than last year primarily due to increase in profit for the year and the net impact of IFRS 16 adjustments.

Debt service payments amounted to AED 23.4bn (2018-19: AED 20.6bn), an increase of 13.6% compared to previous year primarily due to the repayments for new aircraft added to the fleet in the current and previous year.

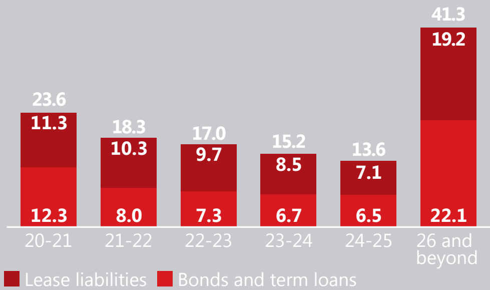
The payments shown in the table below (including those of previous years) exclude refinancing of certain borrowings and lease liabilities at commercially better rates. The related cash inflows and outflows are reported at their gross values in the consolidated statement of cash flows and in the relevant notes to the consolidated financial statements.

EBITDAR after debt service payments was AED 2.5bn and equated to 13 months (2018-19: 14 months) of payments.

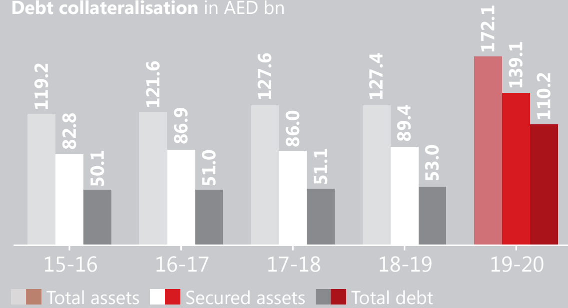
EBITDAR margin at 28.1% (2018-19: 24.5%) was 3.6% pts. higher than last year due to a decrease in revenue complimented by a higher EBITDAR for the current year.

	2019-20	2018-19	2017-18	2016-17	2015-16
EBITDAR in AED bn	**25.9**	**24.0**	**25.0**	**21.2**	**24.4**
Less: Debt service					
Repayment of borrowings and lease liabilities	(18.5)	(7.0)	(6.0)	(10.0)	(5.8)
Repayment of operating lease rentals	-	(11.7)	(11.7)	(10.5)	(8.1)
Interest paid	(4.9)	(1.9)	(1.3)	(1.3)	(1.2)
Total	**(23.4)**	**(20.6)**	**(19.0)**	**(21.8)**	**(15.1)**
EBITDAR after debt service in AED bn	**2.5**	**3.4**	**6.0**	**(0.6)**	**9.3**

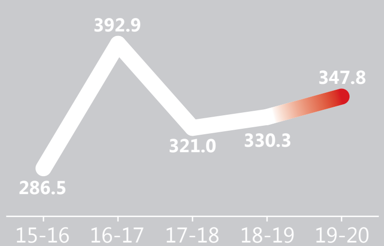
Debt repayment profile in AED bn



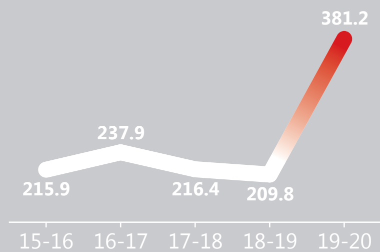
Debt collateralisation in AED bn



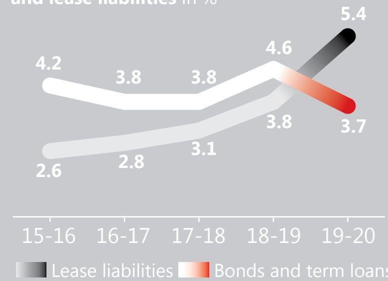
Net debt to EBITDAR ratio in %



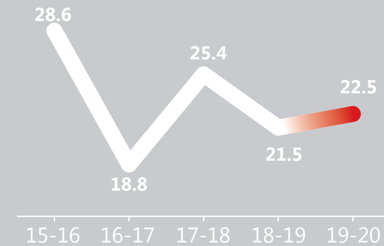
Net debt to equity ratio in %



Effective interest rate on borrowings and lease liabilities in %



Cash asset to net debt in %



Debt

Emirates' borrowings and lease liabilities more than doubled compared to the previous year and reached AED 110.2bn (2018-19: AED 53.0bn). This was mainly due to the adoption of IFRS 16 which led to recognition of lease liabilities of around AED 61bn pertaining to previously off balance sheet leases. Further loans taken on delivery of six new aircraft moved the liabilities higher. These increases were offset by the repayments of amortising bonds, lease liabilities and term loans.

The non-current portion of borrowings and lease liabilities amounted to AED 90.7 (2018-19: 45.4bn) and represented 91% (2018-19: 87%) of the total non-current liabilities while the current portion of AED 19.5bn (2018-19: AED 7.6bn) accounted for 40% (2018-19: 20%) of the total current liabilities.

Net debt to EBITDAR ratio

The net debt to EBITDAR ratio increased to 347.8% (2018-19: 330.3%), due to higher net debt.

Net debt to equity ratio

On transition to IFRS 16, lease liabilities doubled as compared to the prior year and total equity dipped by almost 30%. Expectedly, and despite an increase in cash assets, the net debt to equity ratio rose to 381.2% (2018-19: 209.8%).

Debt repayment profile

We aim to achieve a stable repayment profile by obtaining debt with periodic instalments as opposed to bullet payments. This enables us to manage debt servicing through our operating cash flows and the use of surplus cash for investment purposes. As at the balance sheet date, more than 95% of our debt was amortising in nature.

Cash assets to net debt ratio

An increase in cash reserves helped us improve our cash assets to net debt ratio to 22.5% (2018-19: 21.5%).

Debt collateralisation

Of the total debt of AED 110.2bn, AED 54.9bn represents lease liabilities which are supported by ROU assets of AED 53.0bn. From the remaining debt, 80% or AED 44.4bn is secured against property, plant and equipment with the balance being adequately covered against the carrying value of unencumbered assets (property, plant and equipment) amounting to AED 28.9bn (2018-19: AED 29.8bn).

Financial risk management

Jet fuel price risk

We are exposed to volatility in the price of jet fuel. To manage this risk, we hedge part of our highly probable forecast purchases of jet fuel up to 24 months in advance using commodity futures, options and swaps, as and when opportunity arises and depending on the market conditions.

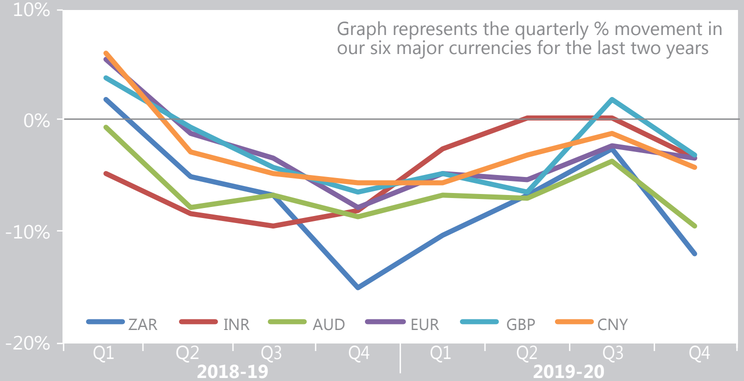
Interest rate risk

We continue to use prudent hedging solutions such as swaps to manage our interest rate exposures. We target a risk-managed portfolio approach, whilst taking advantage of market movements, with long-term view of hedging around half of our interest rate risk exposures. After taking into account the impact of interest rate swaps, 69% of our total debt was on fixed interest rate basis with the balance 31% being on floating interest rates.

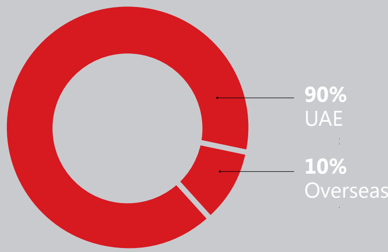
The effective interest rate for bonds and term loans reduced to 3.7% (2018-19: 4.6%) as we continue to take advantage of lower interest rates prevailing in the market.

The effective interest rate of 5.4% on lease liabilities was higher due to the incremental borrowing rate applied on transition to IFRS 16.

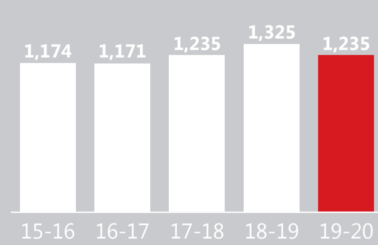
Currency development



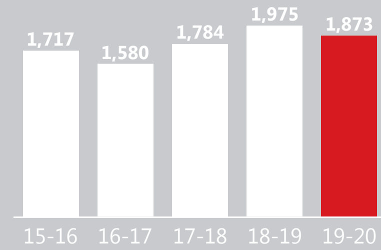
Geographical work force including subsidiaries in %



Capacity per airline employee in ATKM '000



Revenue per airline employee in AED '000



Employee strength (in numbers)	**2019-20**	**2018-19**	**% change**
UAE			
Cabin crew	21,789	21,691	0.5
Flight deck crew	4,313	4,134	4.3
Engineering	3,316	3,330	(0.4)
Others	12,627	12,958	(2.6)
Total UAE	**42,045**	**42,113**	**(0.2)**
Overseas stations	5,376	5,695	(5.6)
Total airline	**47,421**	**47,808**	**(0.8)**
Subsidiary companies	**12,098**	**12,474**	**(3.0)**
Average employee strength	**59,519**	**60,282**	**(1.3)**

Currency risk

We proactively manage currency exposure generally over a period of up to 12 months depending on market conditions by using various hedging solutions including forward contracts, currency swaps and natural hedges. Nearly 36% of our transport revenues are generated in US Dollar or currencies pegged to USD.

Currencies were highly volatile this year in all our key markets. With the continuous strengthening of US Dollar against other currencies for most part of the year, our revenue generation in the Indian subcontinent, Europe and Australia suffered in AED terms. We were also impacted by sizeable currency devaluations in Africa and South America.

As depicted in the graph above, South African Rand and Australian Dollar showed a lot of volatility whereas Euro, Chinese Yuan and Pound Sterling though weakened, were relatively stable.

The Indian Rupee recovered in the first quarter of this financial year and was stable until Q3. However, it weakened along with other currencies towards the end of the year due to the impact of COVID-19 pandemic.

The movements in exchange rates compared to the previous year had an overall adverse impact of AED 1bn on Emirates operating results (2018-19: adverse impact AED 0.6bn). Excluding USD or the currencies pegged to USD, the following six currencies account for circa 43% (2018-19: 44%) of our transport revenue:

Currency average rate (in AED)			
	2019-20	**2018-19**	**% change**
ZAR	0.246	0.268	(8.2)
AUD	2.496	2.675	(6.7)
EUR	4.077	4.243	(3.9)
CNY	0.526	0.546	(3.7)
GBP	4.658	4.808	(3.1)
INR	0.052	0.053	(1.9)

Employee strength and productivity

The average workforce fell by 1.3% to 59,519.

The average number of employees in the airline dropped by 0.8% to 47,421. While the number of crew increased by 1.1% to 26,102, there was a slight reduction in other departments due to natural attrition. We continue to invest in our employees' well-being and are committed to supporting them through the ongoing COVID-19 pandemic.

Overseas station employee numbers declined by 5.6% to 5,376 (2018-19: 5,695).

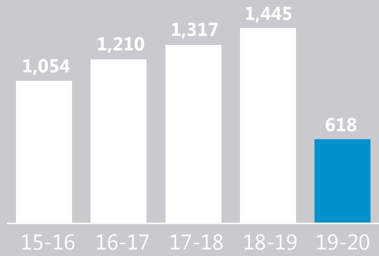
Workforce in the subsidiary companies also reduced compared to the prior year given the economic slowdown.

Although the airline's employee productivity related key performance indicators have reduced slightly due to various operational challenges during the year, these have remained strong:

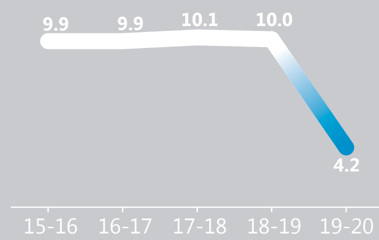
- Revenue per airline employee at AED 1,873 thousand (2018-19: AED 1,975 thousand) has reduced in line with reduction in revenue.
- Capacity per airline employee is down by 6.8% at 1,235 thousand ATKM (2018-19: 1,325 thousand ATKM) due to a 7% reduction in capacity partially offset by reduction in airline employee count.
- The load carried per airline employee dipped to 833 thousand RTKM (2018-19: 885 thousand RTKM), down by 5.9% due to a 6.6% drop in overall load carried partially offset by reduction in airline workforce.

DNATA FINANCIAL COMMENTARY

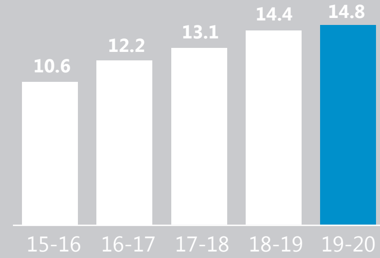
Profit attributable to the Owner in AED m



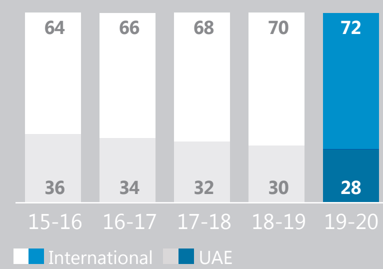
Profit margin in %



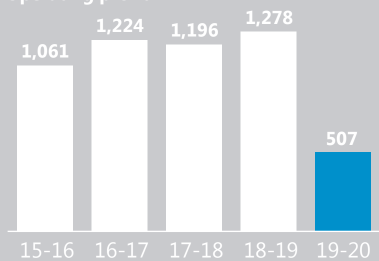
Total revenue trend in AED bn



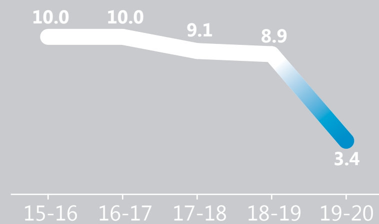
Geographical revenue in %



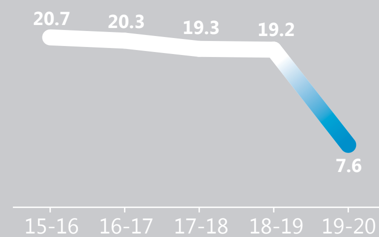
Operating profit in AED m



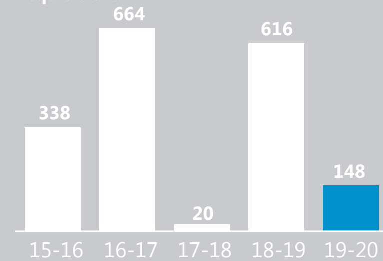
Operating margin in %



Return on shareholder's funds in %



Acquisitions in AED m



The close of our financial year 2019-20 was wrought by the COVID-19 pandemic that had forced more than half of humanity into lockdown by the end of March 2020. Aviation and travel industries were amongst the first and hardest hit. dnata, a global air and travel services provider, has been no exception and is faced with an unprecedented challenge that will continue to impact it in the financial year 2020-21.

2019-20 saw dnata's business coming under severe pressure due to several events like the planned closure of southern runway at Dubai International airport ("DXB") for 45 days and contraction of demand in the UK travel market (that also caused the demise of Thomas Cook) before its revenues and profits suddenly plummeted in the month of March 2020.

Despite a myriad of challenges, revenues for the full year remained resilient and grew by 2.4%, primarily due to significant growth in our inflight catering business that benefited from a first full year of new acquisitions made during second half of 2018-19. dnata's profits, however, were hit hard by the impairment charges and poor operating results particularly in the UK travel business. To add to this, losses were recognised in the last month across all lines of business. dnata's bottom line this year was augmented by one-off income of AED 216m from the divestment of our stake in Accelya.

Cash reserves at year end remain adequate to see us through the ongoing challenges of COVID-19 in the short term.

dnata remains undeterred in its focus on quality, safety, people and customers, and continues to drive efficiencies across all businesses in processes and resources.

Effective 1 April 2019, we adopted the new leases accounting standard, IFRS 16, which has no cash flow or economic impact on dnata but it does change the way lease related expenditure, assets, liabilities and cash flows are reported in the primary financial statements and disclosure notes.

Acquisitions

2019-20 was a year of integrating the significant acquisitions dnata made in the previous year and more focus was put to winning new customers and strengthening existing relationships.

During the year, we acquired the remaining 50% equity stake in our inflight catering joint-venture, Alpha LSG Limited, which is the leading provider of inflight services to some of the world's largest airlines operating in the UK, offering a comprehensive range of inflight catering, on-board retail and logistics services across all of the UK's major and regional airports.

In our travel line of business, we acquired the remaining 50% equity stake in Dunya Travel LLC – a prominent player in the Abu Dhabi corporate travel market.

Total revenue (including other operating income)

Our total revenue improved to AED 14.8bn (2018-19: AED 14.4bn). This was despite the COVID-19 pandemic that stifled demand across all our lines of business towards the end of the year as the travel industry across the world came to an abrupt halt and dnata's airline customers dramatically reduced operations or stopped flying completely. dnata lost over AED 600m in revenues in the month of March 2020 alone.

Revenues from international airport operations were consistent with last year at AED 3.9bn (2018-19: AED 4.0bn). Travel business revenues dropped by 3.8% or AED 141m as the growth in our Emirates Holidays business was wiped out by challenging trading conditions in key markets, exacerbated by the collapse of Thomas Cook in the UK. Despite the southern runway closure at DXB, UAE airport operations revenue remained stable at AED 3.2bn (2018-19: AED 3.2bn), spurred by the newly acquired Dubai Express. Inflight catering division achieved revenue growth of 26% or AED 683m as it benefitted from the first full year of revenues from Qantas Catering and 121 Group acquired during second half of last year.

Other operating income was consistent at AED 0.5bn as the gain from our HRG divestment in 2018-19 was largely replaced by gain on divestment of Accelya and recovery of a legal claim in the US.

Overall, the share of geographic revenue from operations outside the UAE grew to 72% (2018-19: 70%) in line with dnata's strategy to grow its international businesses in a sustainable manner.

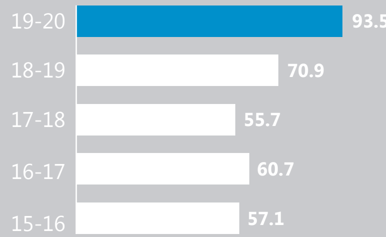
Profitability

Profit attributable to the Owner and profit margin declined to AED 618m (2018-19: AED 1,445m) and 4.2% (2018-19: AED 10.0%) respectively. This was primarily driven by; i) impairments of goodwill, contractual rights and receivables in the UK travel business, ii) start-up costs incurred with regards to expansion of catering business in the US, Canada and Ireland, and iii) 45 days southern runway closure at DXB. Furthermore, the COVID-19 pandemic severely dented the performance towards the year end, eroding more than AED 250m of profit in a single month. The cost reduction measures taken in response to sudden fall in revenue are gradually filtering through to the bottom line.

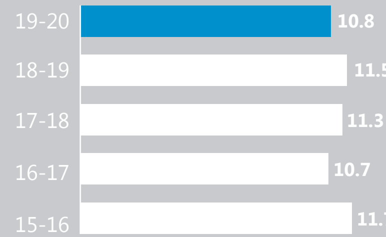
Revenue by Line of Business

Revenue in AED m	2019-20	2018-19	% change	% of total
International airport operations	3,940	3,997	(1.4)	27.7
Travel services	3,537	3,678	(3.8)	24.9
UAE airport operations	3,171	3,223	(1.6)	22.3
Inflight catering	3,313	2,630	26.0	23.3
Other services	262	360	(27.2)	1.8
Total	**14,223**	**13,888**	**2.4**	**100.0**

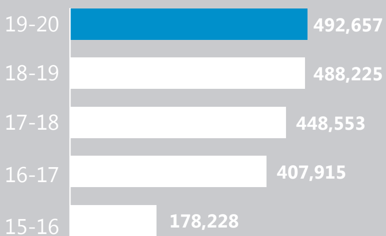
Catering
- Meals uplifted number in millions



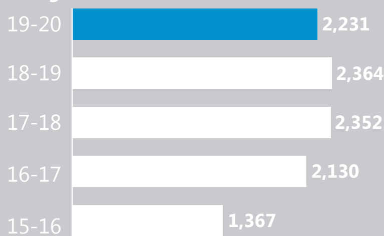
Travel services
- Total Transaction Value (TTV) in AED bn



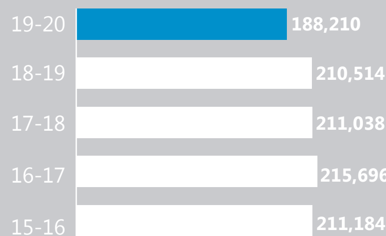
International airport operations
- Aircraft handled



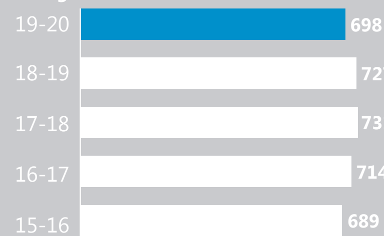
International airport operations
- Cargo handled - in tonnes '000



UAE airport operations
- Aircraft handled



UAE airport operations
- Cargo handled - in tonnes '000



International airport operations

International airport operations continue to be the largest business segment of dnata by revenue. Our revenue was in line with last year at AED 3.9bn (2018-19: AED 4.0bn). Significant organic growth earlier in the year was checked by the COVID-19 pandemic in Q4. Our quality of service and high safety standards helped us win or retain 145 contracts with key accounts across the global network. Depreciation of major currencies against the US Dollar had an adverse impact of AED 128m on the top line.

We opened our eighth cargo warehouse at London Heathrow airport and broke ground on the dnata City North warehouse in Manchester. Our new cargo warehouse in Brussels also completed its first full year of operations. The new marhaba lounge in Changi Airport's Terminal 3 opened in July 2019. We continue to look for further expansion opportunities for marhaba internationally.

This year we also reorganised the management structure of international airport operations into four regions: Europe, Asia Pacific, USA and New & Emerging Markets, which will help drive additional value.

The number of aircraft handled increased by 0.9%, as growth in business in the US and Brazil was impeded by a decline in volumes in other markets, chiefly Australia. Cargo volumes dropped by 5.6% due to difficult trading conditions overall, particularly in the UK.

We saw the impact of COVID-19 pandemic on our business worsened by the day towards the end of the year. Our team reacted quickly to ensure safety and wellbeing of our staff whilst taking measures to manage costs and preserve cash.

Travel services

Travel services revenue declined by 3.8% to AED 3.5bn (2018-19: AED 3.7bn). The UK business experienced significant headwinds not only with the collapse of Thomas Cook and its impact on our B2B business but also the continued trading challenges across B2C brands. Towards the year-end, the COVID-19 pandemic resulted in a material revenue impact as large number of bookings were cancelled. In addition to trading losses, we recognised impairment losses on intangible assets and receivables this year amounting to AED 230m. Despite tough business conditions across our key source markets in the GCC and the UK, total transaction value (TTV) decreased only marginally to AED 10.8bn (2018-19: AED 11.5bn). Weakening of Pound Sterling against USD eroded the top line by AED 106m.

This year also saw the introduction of Priohub, a technology platform for distributing and selling activities and attraction tickets in Dubai, through a 60% joint venture with Netherlands based "PrioTicket B.V.". In partnership with Department of Tourism and Commerce Marketing ("DTCM"), the platform connects operators with a wide network of resellers in real time and provide ticketing solutions to reach customers via multiple channels.

UAE airport operations

UAE airport operations revenue stood at AED 3.2bn (2018-19: AED 3.2bn) as the decline from ground handling operations at Dubai International Airport (DXB) was offset by the full year impact of Dubai Express following its acquisition in February 2019. The decrease in volumes for both aircraft handled to 188,210 (2018-19: 210,514) and cargo handled to 698 thousand tonnes (2018-19: 727 thousand tonnes) was primarily driven by southern runway closure at DXB and a reduction in traffic in March 2020. The marhaba business continued its good performance and registered a 2% increase in guests at its lounges in Dubai.

Inflight catering

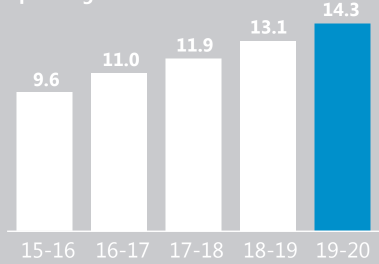
Revenue from catering activities, which formed 23% (2018-19: 19%) of dnata's revenue, improved by 26% to AED 3.3bn (2018-19: AED 2.6bn). This was due to the consolidation of the first full year results of Qantas Catering in Australia and 121 Inflight Catering in the US. Organic growth, through new customers and expansion in new locations, was achieved in the US, UAE, and Ireland.

Our North American operations saw the inauguration of several new catering facilities. In the US, we added Boston, Houston, Los Angeles and San Francisco to our global catering network - a combined investment of USD 50m that has increased our capacity to more than 40,000 meals per day. We also commenced catering operations in Canada by opening a state-of-the-art facility at Vancouver airport.

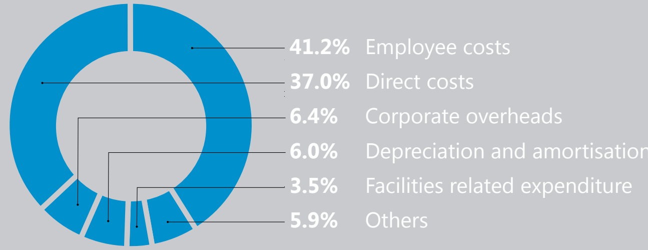
A significant reduction in flights towards the end of the year severely impacted catering revenues. Our inflight catering business was also impacted by the devaluation of Australian Dollar and Euro against USD.

Meals uplifted during the financial year rose by 32% to 93.5m (2018-19: 70.9m), as a direct result of the expansion activities and new businesses brought on-board.

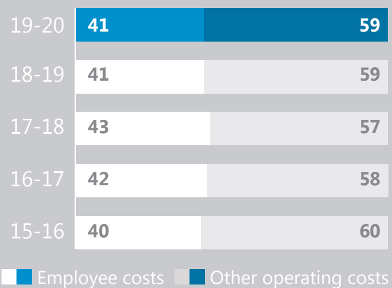
Operating costs* in AED bn



Operating costs in %



Employee cost as % of total operating costs



Operating costs in AED m	**2019-20**	**2018-19**	**Change**	**% change**
Employee costs	5,875	5,386	489	9.1
Direct costs				
- Travel services	2,534	2,476	58	2.3
- Airport operations	1,364	1,350	14	1.0
- Inflight catering	1,352	1,070	282	26.4
- Other	32	67	(35)	(52.2)
Depreciation and amortisation	853	459	394	85.8
Facilities related expenditure	501	788	(287)	(36.4)
Sales and marketing expenses	321	370	(49)	(13.2)
Information technology infrastructure costs	320	246	74	30.1
Impairment of intangible assets	193	78	115	147.4
Corporate overheads*	908	851	57	6.7
Total operating costs	**14,253**	**13,141**	**1,112**	**8.5**

* Includes net impairment loss on trade and other receivables

Expenditure

dnata's operating costs, including the provision for impairment of trade and other receivables, increased by 8.5% to AED 14.3bn (2018-19: AED 13.1bn) primarily due to the full year impact of acquisitions in the catering business, one-time impairment charges recognised across various financial statement line items in the UK travel business and on financial assets held in Plafond in the UAE. Weakening of global currencies against USD had a favourable impact of AED 292m on total costs.

IFRS 16 implementation this year did not impact our bottom line but resulted in a change of geography within the income statement as operating lease expense was replaced by depreciation of the right-of-use ("ROU") assets and interest expense on lease liabilities.

Employee costs

Employee costs increased by 9.1% or AED 489m to AED 5.9bn (2018-19: AED 5.4bn). Previous year acquisitions in the catering business were the major factors contributing to the increase of employee costs as 2019-20 saw the full year costs of more than 2,200 employees who joined our workforce. Further, growth in our international airport operations business, primarily in the US, also contributed to the increase.

Direct costs

Direct costs were 6.4% or AED 319m higher than the prior year and stand at AED 5.3bn (2018-19: AED 5.0bn).

Direct costs for travel services were broadly in line with last year at AED 2.5bn (2018-19: AED 2.5bn) as increases in costs from volume growth in Emirates Holidays business and the full year impact of Tropo's acquisition last year were largely offset by the decline in trade in the UK business.

Airport operations' costs were consistent with last year at AED 1.4bn (2018-19: AED 1.4bn) as the increase from the full year costs of Dubai Express were compensated by reduced activity due to 45 days runway closure at DXB.

Inflight catering related direct costs increased by 26% or AED 282m to AED 1.4bn (2018-19: AED 1.1bn) as a result of the new acquisitions in Australia and the US last year.

Other operating costs

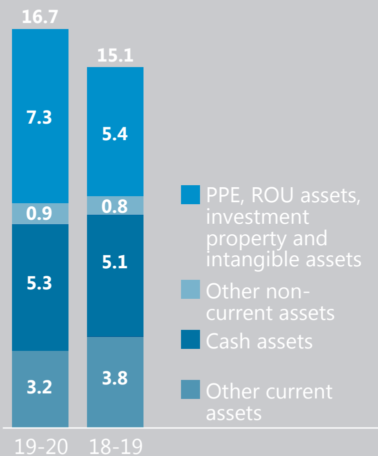
Depreciation and amortisation expense escalated by 85.8% to AED 853m (2018-19: AED 459m). Almost 90% of this increase was on account of first-time depreciation expense recognised on ROU assets in line with IFRS 16. The remaining increase is attributable to various tangible and intangible assets acquired in the current and previous years.

Facilities related expenditure went down by 36.4% to AED 501m (2018-19: AED 788m) due to IFRS 16 implementation as lease rental expenditure is now replaced by depreciation and interest expense.

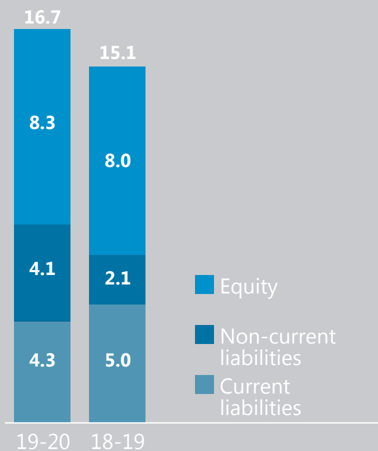
Impairment of intangible assets more than doubled to AED 193m (2018-19: 78m) due to impairment of goodwill and contractual rights in the UK travel business and goodwill impairment in the US catering business.

Corporate overheads were up 6.7% to AED 908m (2018-19: AED 851m) as a result of impairments of trade receivables in the UK travel business and Plafond in the UAE.

Assets in AED bn



Equity and liabilities in AED bn



Assets in AED m	2019-20	2018-19	change	% change
PPE, ROU assets, investment property & intangible assets	7,297	5,424	1,873	34.5
Other non-current assets	846	772	74	9.6
Cash assets	5,316	5,122	194	3.8
Other current assets	3,244	3,773	(529)	(14.0)
Total	**16,703**	**15,091**	**1,612**	**10.7**

Equity and liabilities in AED m	2019-20	2018-19	change	% change
Equity	8,302	8,027	275	3.4
Non-current liabilities	4,109	2,126	1,983	93.3
Current liabilities	4,292	4,938	(646)	(13.1)
Total	**16,703**	**15,091**	**1,612**	**10.7**

Statement of financial position

Assets

Total assets increased by 10.7% to AED 16.7bn (2018-19: AED 15.1bn).

Property, plant and equipment ('PPE'), ROU assets, investment property and intangible assets combined stood at AED 7.3bn (2018-19: AED 5.4bn), showing an increase of 34.5% due to the first-time recognition of ROU assets upon adoption of IFRS 16.

PPE increased marginally to AED 2.1bn (2018-19: AED 2.0bn) as the reduction in assets due to depreciation charge was offset by additions across all lines of business. In international airport operations, we made several investments including; Ground Support Equipment ('GSE') at New York–JFK and Washington Dulles international airports, new cargo facilities at London Heathrow, Manchester and Brussels airports, and a new marhaba lounge at Singapore Changi Airport. In our catering business, we made significant investments in new state-of-the-art kitchen facilities in the US (Boston, Los Angeles, Houston, Newark and San Francisco) and Canada (Vancouver). The acquisition of Alpha LSG increased our PPE by AED 137m.

IFRS 16 implementation resulted in recognition of ROU assets amounting to AED 2bn. Additions in the year due to new leases taken in airport operations and catering businesses were largely offset by the depreciation charge.

Intangible assets of AED 2.8bn (2018-19: AED 3.0bn) form 34% of dnata's non-current assets. Goodwill continues to form the largest portion of the intangible asset portfolio at 69% (2018-19: 72%) which is validated on an annual basis through impairment testing. This year, goodwill pertaining to the US catering and UK travel businesses were partially impaired by AED 164m as future cash flows struggled to support the carrying value. Thomas Cook's demise led to an impairment of contractual rights in the UK travel business. Alpha LSG acquisition, however, increased intangible assets by AED 131m.

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

A strong US Dollar reduced the value of PPE, ROU and intangible assets by AED 278m.

Investments accounted for using the equity method grew by 9.5% to AED 551m (2018-19: AED 503m) due to additional investment in Alpha LSG, offset partly by dividends and impact of IFRS 16 adoption by associates and joint ventures.

Trade and other receivables reduced by 18.6% to AED 3.0bn (2018-19: AED 3.7bn) as a result of impairments, transfer of prepayments related to Emirates Holidays business from dnata to Emirates and a general reduction in business activity in March.

Equity

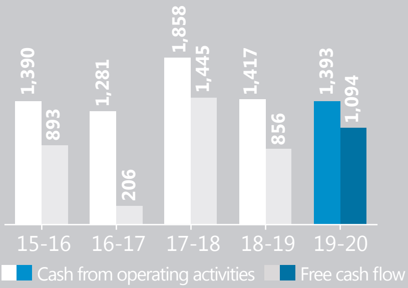
Total equity at AED 8.3bn (2018-19: AED 8.0bn) reflects an increase of 7.6% in retained earnings due to profits for the year, partly offset by the equity impact of IFRS 16 adoption (Note 2 includes details of transition methodology used). In order to support dnata during this challenging time, the Owner decided to retain this year's profit and hence no dividend was declared. Our net assets remain under pressure and we have taken various measures to navigate our business through this crisis, including compensating cost saving measures, reductions in discretionary capital expenditure and availing support from governments where such support is available.

Liabilities

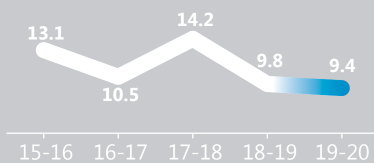
Borrowings and lease liabilities increased by 143.5% to AED 3.9bn (2018-19: AED 1.6bn). This is driven by recognition of AED 2.1bn worth of lease liabilities following IFRS 16 adoption. Term loans that make up the majority of the remaining balance, increased marginally to AED 1.5bn (2018-19: AED 1.4bn) as repayments of AED 298m in the year were countered by additional loans of AED 412m taken to fund new investments in our catering and airport operations businesses in the US.

Trade and other payables declined by 23.9% to AED 3.5bn (2018-19: AED 4.6bn) primarily due to the settlement of previous year's dividend amounting to AED 500m, the transfer of Emirates Holidays business payables to Emirates and the decline in business activity in March following the COVID-19 pandemic.

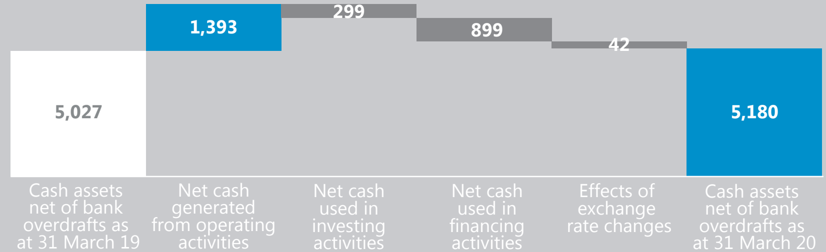
Free cash flow in AED m



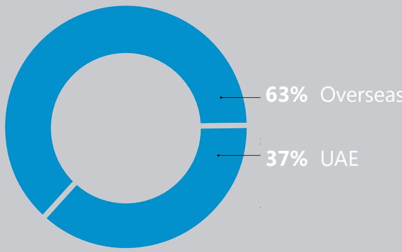
Operating cash margin in %



Cash flow in AED m

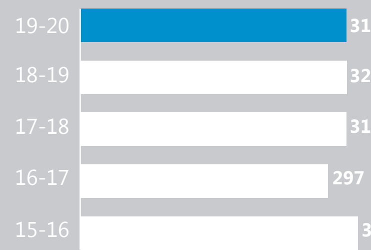


Geographical work force in %



Employee strength (in numbers)	2019-20	2018-19	% change
International airport operations	18,949	17,959	5.5
UAE airport operations	12,519	12,785	(2.1)
Inflight catering	7,181	7,041	2.0
Travel services	5,197	4,548	14.3
Others	2,365	2,671	(11.5)
Average employee strength	**46,211**	**45,004**	**2.7**

Total revenue per employee in AED '000



Cash position

Cash from operating activities

Cash generated from operating activities and operating cash margins remained consistent at AED 1.4bn (2018-19: AED 1.4bn) and 9.4% (2018-19: 9.8%) respectively. However, this is not directly comparable to the prior years due to the change in presentation of cash flows in the consolidated financial statements upon implementation of IFRS 16. As per the new standard, the cash flows related to previously off-balance sheet leases (operating leases) are disclosed in investing activities rather than operating activities.

Cash assets

Cash assets increased to AED 5.3bn (2018-19: AED 5.1bn) as cash generated from operating activities, owing to better working capital management, was utilised to fund investing activities of AED 0.3bn and financing activities of AED 0.9bn. Cash flows from investing activities included investments in PPE of AED 0.5bn and intangibles of AED 0.1bn, partly offset by proceeds from the sale of Accelya of AED 0.2bn and interest income of AED 0.1bn. Significant cash outflows from financing activities comprised the dividend payment of AED 0.5bn to the Owner and payments for term loans and lease liabilities amounting to AED 0.4bn.

Employee strength and productivity

Employee strength

The average workforce increased by 2.7% to 46,211 (2018-19: 45,004) driven by expansions in our international airport business.

We continue to invest in our employees' well-being and are committed to supporting them through the ongoing COVID-19 pandemic.

With the sizable growth in labour intensive international airport operations, the workforce employed overseas now forms 63% (2018-19: 61%) of the total workforce of dnata.

International airport operations employs 41% of our group workforce (2018-19: 40%) and continues to be the largest business division of dnata in terms of workforce with an employee count of 18,949 (2018-19: 17,959). The increase is attributable to expansion of operations in Americas and Europe.

UAE airport operations' workforce reduced by 2% to 12,519 (2018-19: 12,785) as a result of a reduction of staff at DXB.

Average employee count for the travel business jumped by 14% to 5,197 (2018-19: 4,548) primarily due to the strengthening of our workforce at the contact centres to manage third party businesses.

Our inflight catering business continued to consolidate this year as it focused on integrating the acquisitions in US and Australia that had significantly expanded our workforce last year. Our catering workforce showed a marginal increase of 2% to 7,181 (2018-19: 7,041).

Staff numbers in 'Others' decreased by 11.5% to 2,365 (2018-19: 2,671) as a result of a reduction in Plafond workforce.

Productivity

Revenue per employee was consistent with last year at AED 319k (2018-19: AED 320k) as dnata integrates the newly acquired businesses and continues its organic growth journey at the manpower intensive airport operations.

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF EMIRATES

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Emirates and its subsidiaries (together referred to as "Emirates") as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

Emirates' consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 March 2020;
- the consolidated statement of comprehensive income for the year ended 31 March 2020;
- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of changes in equity for the year ended 31 March 2020;
- the consolidated statement of cash flows for the year ended 31 March 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Key audit matters	• Passenger and cargo revenue recognition • Accounting for the "Skywards" frequent flyer programme • Lease accounting and the impact of transition to IFRS 16 • Accounting for hedge ineffectiveness on jet fuel hedging instruments • Provision for aircraft return conditions

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

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

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Passenger and cargo revenue recognition When a flight booking is made, passenger and cargo revenue is measured based on the sales price to the customer and allocated to each performance obligation under the contract. Revenue is initially deferred on the consolidated statement of financial position and subsequently recognised in the consolidated income statement when the related performance obligation has been fulfilled (typically when a passenger or the cargo has flown) (refer to notes 2, 3, 5 and 24 to the consolidated financial statements). The determination of the amount of revenue to be recognised for each flight requires complex IT systems and involves the exchange of information with industry systems and other airlines for a high volume of transactions. The accounting for passenger and cargo revenue is susceptible to management override of controls through the recording of manual journals in the accounting records, the override of IT systems to accelerate revenue recognition, or the manipulation of inputs used to calculate revenue recorded in respect of unused revenue documents. The timing of revenue recognition for unused revenue documents requires judgement due to the timeframe over which revenue documents can be utilised and the large number of fare types sold by Emirates. Management has determined the value of unused revenue documents that will not be utilised based on their terms and conditions and historical expiry trends. We focused on this area as a result of the complexity of the related IT systems, the potential for management override of controls and the level of judgement required by management in determining the timing of recognition of unused revenue documents.	We performed detailed end-to-end walkthroughs of the finance and operational processes surrounding the revenue systems, utilising our understanding of the industry and Emirates, to assess the design effectiveness of the related key internal controls and identify changes, if any, that have occurred during the current year. We tested the operating effectiveness of these key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. We also tested the key IT systems, including interfaces that impact the recognition of revenue from passenger and cargo sales along with the IT change control procedures and related application controls. We performed computer assisted audit techniques over passenger and cargo revenue to identify and test unexpected entries and correlate revenue movements during the year to accounts receivables and cash. We substantively tested a sample of revenue from passenger and cargo sales at a booking and flight level to validate occurrence and cut-off of revenue. We tested manual journal entries posted into relevant revenue accounts in the sub-ledgers and the general ledger. We obtained data supporting Emirates' historical expiry trend in respect of unused revenue documents. In addition to performing controls based testing as described above, we tested the accuracy of historical expiry data and compared this data to that used by Emirates in their calculation of the amount of revenue to recognise from unused revenue documents. We assessed whether the related disclosures in notes 2, 3, 5 and 24 to the consolidated financial statements are consistent with the requirements of IFRS.

Key audit matter

Accounting for the "Skywards" frequent flyer programme

Emirates operates frequent flyer programmes in order to encourage and incentivise loyalty from its customers, with "Skywards" being the biggest programme of this type. Skywards members either earn Skywards miles after a flight has been paid for and flown or from Skywards partners who purchase miles from Emirates to issue to their customers. Skywards miles can be redeemed for reductions in airfares as well as being used towards free flights, cabin class upgrades and other non-airline rewards.

The fair value of unused miles issued to Skywards members when flights are flown, and the consideration received for miles issued to Skywards members from sales to partners with a total value of AED 1,842 million as at 31 March 2020 is recognised in the consolidated statement of financial position as deferred revenue (refer notes 2, 3 and 24 to the consolidated financial statements). Revenue is recognised in the consolidated income statement when the miles are redeemed by a customer and the underlying performance obligation relating to the redeemed miles is fulfilled.

The fair value per mile is based on a relative standalone selling price calculated using a model incorporating a number of factors including historical sector average fares, historical fares for upgrades, ticket and upgrade availability and redemption patterns. An estimate is also made of the number of miles that will expire based on historical expiry patterns and any known future changes to the Skywards programme.

We focused on this area because of the significant level of judgement exercised by management in determining the underlying assumptions within the model.

How our audit addressed the Key audit matter

We tested management's model supporting the calculation of Skywards deferred revenue as follows:

- we updated our understanding of the process and related controls by which deferred revenue is calculated;
- we tested automated controls and key interfaces between the IT systems used to initially accrue and subsequently redeem the Skywards miles for each member;
- we reconciled the Skywards miles issued and redeemed during the year, and the closing miles balance in the model to the underlying IT systems;
- we tested the mathematical accuracy of management's model;
- we tested the key assumptions within management's model, including agreeing historical expiry trends supporting the expiry percentage, historical sector average fares and historical fares for upgrades to underlying reports, discussing anticipated future changes to the Skywards programme that may impact expiry trends with appropriate senior management and testing ticket and upgrade availability to internal supporting evidence; and
- we performed a sensitivity analysis on the key assumptions and variables used in management's model.

We assessed whether the disclosures in notes 2, 3 and 24 to the consolidated financial statements are consistent with the requirements of IFRS.

pwc

Key audit matter	How our audit addressed the Key audit matter
Lease accounting and the impact of transition to IFRS 16 Emirates adopted the new accounting standard IFRS 16 'Leases' from 1 April 2019. The new standard replaces IAS 17 and requires almost all leases to be recognised on the balance sheet by a lessee, as the distinction between operating and finance leases has been removed. Under IFRS 16, an asset (right-of-use) and a financial liability to pay rentals is recognised. Leases are capitalised as right-of-use assets based on the present value of the lease payments and are typically depreciated over the lease term. Interest on the outstanding financial liability to pay rentals is recognised at a constant rate over the lease term. Emirates applied the modified retrospective approach for the conversion to IFRS 16 and accordingly, the comparative figures were not restated. The cumulative effect of the adoption of the new standard was recognised as an adjustment to opening retained earnings as at 1 April 2019. The first-time application of IFRS 16 resulted in material effects on the opening consolidated statement of financial position including recognising right-of-use assets of AED 60,936 million and lease liabilities of AED 60,765 million (refer to note 2 of the consolidated financial statements for full details). Accounting for leases under IFRS 16 involves the use of judgements, estimates and assumptions that impact the amounts recognised as right-of-use assets, lease liabilities and provisions for return conditions. Key amongst these assumptions and estimates are the: • assessment of lease term and extension options; • discount rate used to determine the lease liability; • application of clauses for cancellations or modifications; and • estimate of the provision for aircraft return conditions. Emirates has established processes and controls for the complete and accurate recording of leases. Furthermore, the first-time application required an IT system to be implemented to report information on these leases. We focused on this area because of the significant judgement involved in determining the assumptions being applied under IFRS 16 and the sensitivity of the amounts recorded in the consolidated financial statements from changes in these assumptions and estimates.	We updated our understanding of leases held by Emirates, including Emirates' process of identifying lease contracts and other contracts that contain lease elements. We obtained an understanding of the processes around the new IT system implemented and determined that a substantive approach to testing of leases was to be adopted. We tested the calculation of the initial recognition of the right-of-use assets and lease liabilities by reference to a sample of leases, agreeing the lease terms (including advance lease rentals, deferred credits, pre-delivery payments, initial direct costs, fixed payments, variable payments, residual value guarantees and termination costs) back to the lease contract and re-performing the calculation of the opening adjustment. We also assessed the appropriateness of the discount rate applied at the date of initial application (the incremental borrowing rate). We tested a sample of leases entered into during the year and assessed the accounting impact of new leases by agreeing the lease terms used in the computations back to the lease contract. We also assessed the appropriateness of the discount rates applied (either the incremental borrowing rate or the interest rate implicit in the lease, where determinable). We tested the interest expense generated by the lease liabilities and the depreciation of the right-of-use assets. We assessed whether the related disclosures in notes 2, 3, 13 and 22 to the consolidated financial statements are consistent with the requirements of IFRS.

pwc

Key audit matter	How our audit addressed the Key audit matter
Accounting for hedge ineffectiveness on jet fuel hedging instruments Emirates' risk management objectives are designed to identify, evaluate and hedge financial risks. Emirates has used crude oil forward contracts to hedge the element of crude oil commodity price risk arising from its highly probable forecast purchases of jet fuel in accordance with IFRS 9. As a result of the COVID-19 pandemic, Emirates no longer expects to consume the same volume of jet fuel as initially envisaged given the reduction in planned operations. Consequently, management has re-forecast its expected jet fuel usage in order to adjust the existing fuel hedges and to calculate the resulting hedge ineffectiveness in accordance with IFRS 9. We focused on this area because of the significant level of judgement exercised by management in determining the revised estimates of jet fuel usage and the resulting calculations of hedge ineffectiveness.	We tested management's expected forecast of jet fuel usage and the resulting calculation of fuel hedge ineffectiveness through discussions with senior operational and finance management to understand the basis of their projections including evaluating whether: • expected fuel usage related to projected passenger and cargo flight schedules ("the schedules") was reasonable compared to various internal, industry and economic forecasts; • sufficient flights were available in the Emirates reservation system to support the schedules; and • the expected usage of jet fuel in April 2020 was consistent with the actual jet fuel consumption level. We recalculated the hedge ineffectiveness and sensitivities presented within note 3 to the consolidated financial statements that arose from the revisions to forecast volumes. We assessed whether the disclosures in notes 2, 3, 9, 30 and 33 to the consolidated financial statements including appropriate sensitivities are consistent with the requirements of IFRS.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the Key audit matter</th></tr>
<tr><td>Provision for aircraft return conditions

Emirates operated 142 aircraft under lease arrangements at 31 March 2020 (2019: 148).

Under the terms of the lease arrangements with the lessors, Emirates is contractually committed to either return the aircraft and/or engines in a certain condition or to compensate the lessor based on the actual condition of the aircraft and/or engines at the date of return. Accordingly, a provision of AED 6,211 million is recorded at lease commencement for the present value of the expected cost associated with these contractual return conditions and is recognised in the consolidated statement of financial position within provisions (refer to notes 2, 3 and 23 of the consolidated financial statements).

The provision is calculated using a model which incorporates a number of assumptions, requiring significant judgement, including the:
• past and expected future utilisation and maintenance patterns of the aircraft and engines;
• expected cost of the maintenance at the time it is estimated to occur; and
• discount rate applied to calculate the present value of the future liability.

We focused on this area because of the significant level of judgement exercised by management in determining the underlying assumptions within the model and the sensitivity of the amounts recorded in the consolidated financial statements from changes in these assumptions.</td><td>We obtained the aircraft return provision model prepared by management, together with a summary of the underlying assumptions.

We tested the completeness of the provision by ensuring that all significant return condition obligations included in aircraft lease contracts were included in the model.

We reperformed the calculations within the model to test the mathematical accuracy.

To understand the methodology used by management, the following key assumptions were discussed with senior engineering and finance personnel:
• the past and expected future utilisation and maintenance patterns of the aircraft;
• the expected cost of each maintenance event at the time it is expected to occur; and
• the discount rate applied to calculate the present value of the future liability.

We compared historical utilisation of the aircraft to flying records and assessed if the future utilisation assumptions were considered reasonable in light of past experience. Assumed maintenance costs were assessed against historical actual costs incurred and existing long term maintenance agreements. Future maintenance patterns were assessed against internal maintenance plans. We verified that the discount rate applied by management to the future liability was within an acceptable range with reference to the time value of money applicable to Emirates and the risks specific to the liability.

Along with performing a sensitivity analysis on reasonably possible changes in assumptions, we also compared provisions held for aircraft and engines returned during the year to the compensation paid out to the lessors or actual costs incurred to establish if past provisions were reasonable.

We assessed whether the related disclosures in notes 2, 3 and 23 to the consolidated financial statements are consistent with the requirements of IFRS.</td></tr>
</table>

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
7 May 2020

Douglas O'Mahony

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

OVERVIEW
EMIRATES
DNATA
GROUP
FINANCIAL INFORMATION
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ADDITIONAL INFORMATION

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 AED m	2019 AED m
Revenue	5	90,995	96,040
Other operating income	6	977	1,867
Operating costs	7	(85,564)	(95,260)
Operating profit		**6,408**	**2,647**
Finance income	8	592	497
Finance costs	8	(5,361)	(2,173)
Other financial gains / (losses)	9	(497)	-
Share of results of investments accounted for using the equity method	15	112	116
Profit before income tax		**1,254**	**1,087**
Income tax expense	10	(66)	(57)
Profit for the year		**1,188**	**1,030**
Profit attributable to non-controlling interests		132	159
Profit attributable to Emirates' Owner		**1,056**	**871**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

Profit for the year		**1,188**	**1,030**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations	23 (a)	55	(60)
Items that are or may be reclassified subsequently to the consolidated income statement			
Currency translation differences	21	(11)	(4)
Cash flow hedges	21	(5,630)	(71)
Other comprehensive income for the year		**(5,586)**	**(135)**
Total comprehensive income for the year		**(4,398)**	**895**
Total comprehensive income attributable to non-controlling interests		132	159
Total comprehensive income attributable to Emirates' Owner		**(4,530)**	**736**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 AED m	2019 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	12	86,084	89,431
Right-of-use assets	13	52,992	-
Intangible assets	14	4,373	1,574
Investments accounted for using the equity method	15	691	683
Advance lease rentals	16	-	4,619
Trade and other receivables	18	192	139
Derivative financial instruments	30	-	24
Deferred income tax assets	26	25	13
		144,357	**96,483**
Current assets			
Inventories	17	2,670	2,525
Advance lease rentals	16	-	602
Trade and other receivables	18	4,783	10,740
Derivative financial instruments	30	3	11
Short term bank deposits	19	12,017	11,974
Cash and cash equivalents	19	8,232	5,063
		27,705	**30,915**
Total assets		**172,062**	**127,398**

	Note	2020 AED m	2019 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	20	801	801
Other reserves	21	(5,701)	(60)
Retained earnings		27,878	36,408
Attributable to Emirates' Owner		**22,978**	**37,149**
Non-controlling interests		609	594
Total equity		**23,587**	**37,743**
Non-current liabilities			
Trade and other payables	27	116	155
Borrowings and lease liabilities	22	90,728	45,433
Deferred credits	25	-	2,437
Derivative financial instruments	30	1,697	81
Provisions	23	7,039	4,081
Deferred income tax liabilities	26	3	3
		99,583	**52,190**
Current liabilities			
Trade and other payables	27	12,880	14,822
Deferred revenue	24	10,672	13,982
Borrowings and lease liabilities	22	19,429	7,606
Deferred credits	25	-	322
Derivative financial instruments	30	5,067	20
Provisions	23	786	678
Income tax liabilities		58	35
		48,892	**37,465**
Total liabilities		**148,475**	**89,655**
Total equity and liabilities		**172,062**	**127,398**

The consolidated financial statements were approved on 7 May 2020 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Timothy Clark
President

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Attributable to Emirates' Owner					
	Capital AED m	**Other reserves** AED m	**Retained earnings** AED m	**Total** AED m	**Non-controlling interests** AED m	**Total equity** AED m
31 March 2018	801	15	35,638	36,454	592	37,046
Impact on adoption of IFRS 15	-	-	(41)	(41)	-	(41)
1 April 2018	**801**	**15**	**35,597**	**36,413**	**592**	**37,005**
Profit for the year	-	-	871	871	159	1,030
Other comprehensive income	-	(75)	(60)	(135)	-	(135)
Total comprehensive income for the year	**-**	**(75)**	**811**	**736**	**159**	**895**
Dividends	-	-	-	-	(157)	(157)
Transactions with Owners	**-**	**-**	**-**	**-**	**(157)**	**(157)**
31 March 2019	**801**	**(60)**	**36,408**	**37,149**	**594**	**37,743**
Impact on adoption of IFRS 16 (Note 2)	-	-	(9,641)	(9,641)	(3)	(9,644)
Adjusted 1 April 2019	**801**	**(60)**	**26,767**	**27,508**	**591**	**28,099**
Profit for the year	-	-	1,056	1,056	132	1,188
Other comprehensive income	-	(5,641)	55	(5,586)	-	(5,586)
Total comprehensive income for the year	**-**	**(5,641)**	**1,111**	**(4,530)**	**132**	**(4,398)**
Non-controlling interests on acquisition of subsidiaries (Note 34)	-	-	-	-	4	4
Dividends	-	-	-	-	(124)	(124)
Capital contributions	-	-	-	-	6	6
Transactions with Owners	**-**	**-**	**-**	**-**	**(114)**	**(114)**
31 March 2020	**801**	**(5,701)**	**27,878**	**22,978**	**609**	**23,587**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 AED m	2019 AED m
Operating activities			
Profit before income tax		1,254	1,087
Adjustments for:			
Depreciation and amortisation	7	19,444	9,680
Finance costs - net	8	4,769	1,676
Net loss on disposals / write-offs of property, plant & equipment and intangible assets		115	95
Share of results of investments accounted for using the equity method	15	(112)	(116)
Gain on sale of investments accounted for using the equity method		-	(33)
Net provision for impairment of trade and other receivables	7	41	26
Provision for retirement benefit obligations	7	762	742
Unrealised exchange gains		(250)	-
Other financial (gains) / losses	9	497	-
Net movement on other derivative financial instruments		(3)	(3)
Payments of retirement benefit obligations		(665)	(648)
Income tax paid		(59)	(70)
Change in inventories		(145)	(138)
Change in advance lease rentals, trade and other receivables		4,219	530
Change in provisions, trade and other payables, deferred credits and deferred revenue		(7,069)	(2,300)
Net cash generated from operating activities		**22,798**	**10,528**

	Note	2020 AED m	2019 AED m
Investing activities			
Additions to property, plant & equipment and right-of-use assets		(8,921)	(4,545)
Additions to intangible assets		(1,749)	(259)
Proceeds from sale of property, plant & equipment		36	42
Acquisition of a subsidiary	34	(167)	-
Investments in associates and joint ventures	15	(21)	(74)
Proceeds from sale of investments accounted for using the equity method		-	84
Movement in short term bank deposits		(43)	2,771
Interest received		521	495
Dividends from investments accounted for using the equity method	15	113	126
Net cash used in investing activities		**(10,231)**	**(1,360)**
Financing activities			
Proceeds from term loans	22 (b)	14,116	8,268
Repayment of bonds and term loans	22 (b),(c)	(10,381)	(5,512)
Principal elements of lease payments (2019: Principal elements of finance lease payments)		(8,706)	(9,490)
Interest paid		(4,878)	(1,916)
Proceeds from settlement of derivatives	9	601	-
Dividend paid to Emirates' Owner		-	(1,000)
Dividend paid to non-controlling interests		(124)	(157)
Capital contributed by non-controlling interests		6	-
Net cash used in financing activities		**(9,366)**	**(9,807)**
Net change in cash and cash equivalents		**3,201**	**(639)**
Cash and cash equivalents at beginning of the year		5,034	5,675
Effect of exchange rate changes on cash and cash equivalents		(3)	(2)
Cash and cash equivalents at end of the year	19	**8,232**	**5,034**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 are:

- commercial air transportation which includes passenger and cargo services
- wholesale and retail of consumer goods
- catering operations
- hotel operations
- sale of food and beverages

2. Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, except for those financial assets and financial liabilities (including derivative instruments) that are measured at fair value, as stated in the accounting policies.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections being recorded globally. Measures taken to contain and slow the spread of the virus have significantly impacted global economic activity including limiting movements of people and restricting flights. The worldwide aviation market has been significantly disrupted in the short term. This disruption is expected to be followed by a gradual recovery as travel restrictions are lifted. As a global network airline, Emirates has been unable to viably operate its normal full passenger services and Emirates' revenue will therefore be negatively impacted as a result of the outbreak, although the full impact and the time period of the disruption is not possible to predict with certainty.

Emirates entered this crisis in a strong position, having previously reported profits for the past 32 years and available cash assets of AED 20.2 bn as at 31 March 2020. Emirates has taken various measures to manage the business through this crisis, including compensating cost saving measures, reductions to discretionary capital expenditure and agreeing additional working capital facilities. These measures also include obtaining committed support from the Government of Dubai which has publicly confirmed that they will financially support Emirates during this period through a variety of measures including an additional equity injection, if required.

Based on this statement of support and other measures Emirates has taken, management has prepared these consolidated financial statements on a going concern basis.

Further, due to the impact of COVID-19 on Emirates, an impairment test was performed with no resulting impairment charge. Refer to Notes 12 and 13 for further details. Management continues to closely monitor the COVID-19 situation as part of its on-going impact assessment.

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

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

At the date of authorisation of these consolidated financial statements, certain new standards, amendments to the existing standards and interpretations have become mandatory for the year ended 31 March 2020. Except for IFRS 16, as explained below, no other new standards, amendments or interpretations, whether effective or not, are expected to have a material impact on Emirates.

IFRS 16 Leases

The new standard replaces IAS 17 and requires almost all leases to be recognised on the balance sheet by a lessee, as the distinction between operating and finance lease is removed. Under the new standard, an asset (right-of-use) and a financial liability to pay rentals is recognised. Leases are capitalised as right-of-use assets by recognising the present value of the lease payments, adjusted for prepayments, initial direct costs and restoration costs (return conditions), and are depreciated over the lease term except in cases where the underlying asset will be acquired by the lessee at the end of the lease term, in which case the right-of-use asset is depreciated over the useful life of the asset. In respect of the consolidated income statement, the operating lease expense has been replaced with depreciation of the right-of-use asset and interest on the lease liability, resulting in total expense being higher in the earlier years of a lease and lower in later years.

In accordance with the transitional provisions of IFRS 16, Emirates applied the new standard from 1 April 2019 ('transition date') by adopting the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at the transition date, and comparatives are not restated.

2. Summary of significant accounting policies (continued)

IFRS 16 Leases (continued)

Lease liabilities are measured at the present value of the remaining lease payments. The discount rate used to value the lease liability corresponds, for each lease portfolio, to Emirates' incremental borrowing rate for similar assets as at the transition date. Emirates chose, on a lease-by-lease basis, to measure the right-of-use asset at either:

a) it's carrying amount as if the new rules had always been applied since the lease commencement date but discounted using Emirates' incremental borrowing rate at the transition date i.e. the cumulative depreciation impact from the commencement date to the date of transition is reflected in the initial recognition of the right-of-use asset. This has been applied for a significant proportion of the portfolio of leased assets; primarily aircraft, aircraft engines and land and buildings. The present value of the provision for aircraft return conditions (restoration costs) is recognised as part of the right-of-use asset at the inception of lease, and is depreciated over the lease term. The associated un-winding of the discount in respect of the restoration costs is charged to the consolidated income statement within 'Other finance costs' over the lease term; or

b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately prior to the date of transition. This measurement has been applied to a smaller portfolio of leases.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position and the related lease liabilities are included within 'Borrowings and lease liabilities' (Note 22).

On transition to IFRS 16, Emirates applied the practical expedient and elected not to re-assess which contractual arrangements qualify as leases under IFRS 16. It applied the transition rules of IFRS 16 only to contracts that were previously identified as leases as per IAS 17 or IFRIC 4. The definition of a lease under IFRS 16 was applied to contracts entered into or changed on or after the transition date. Further, Emirates has applied the following permitted practical expedients on a lease-by-lease basis:

- a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- the new lease measurement rules have not been applied to leases (excluding aircraft and aircraft engine related leases) which expire within 12 months of the transition date and are accounted for as short term leases;
- initial direct costs associated with the lease have been excluded from the measurement of the right-of-use asset; and
- hindsight has been used in determining the lease term for contracts with extension / termination options.

The carrying amount of the right-of-use asset and lease liability as at the transition date pertaining to leases previously classified as finance leases applying IAS 17 remains unchanged. Such assets, except for assets subject to financing arrangements which are 'in-substance purchases' (refer accounting policy on leases) have been re-classified from property, plant and equipment to right-of-use assets in the consolidated statement of financial position.

Emirates has opted not to apply IFRS 16 to intangible assets.

Upon adoption of the new standard on 1 April 2019, Emirates' consolidated statement of financial position was impacted as follows:

	Note	As reported 31 March 2019 AED m	IFRS 16 adjustment AED m	As adjusted 1 April 2019 AED m
ASSETS				
Property, plant and equipment	12	89,431	(2,448)	86,983
Right-of-use assets	13	-	60,936	60,936
Investments accounted for using the equity method	15	683	(10)	673
Advance lease rentals	16	5,221	(5,221)	-
Trade and other receivables		10,879	(1,891)	8,988
Impact on assets			**51,366**	
EQUITY AND LIABILITIES				
EQUITY				
Retained earnings		36,408	(9,641)	26,767
Non-controlling interests		594	(3)	591
Impact on equity			**(9,644)**	
LIABILITIES				
Trade and other payables		14,977	(567)	14,410
Borrowings and lease liabilities	22	53,039	60,765	113,804
Deferred credits	25	2,759	(2,759)	-
Provisions	23	4,759	3,571	8,330
Impact on liabilities			**61,010**	
Impact on equity and liabilities			**51,366**	

2. Summary of significant accounting policies (continued)

Basis of consolidation

The acquisition method of accounting is used to account for business combinations by Emirates. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, liabilities incurred, fair value of any contingent consideration arrangements and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities, if any, incurred or assumed in a business combination, are measured initially at their fair values at the acquisition date. Any non-controlling interest in the subsidiary is recognised on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of recognised amounts of subsidiaries' identifiable net assets.

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

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

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.

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.

When Emirates ceases to have control, any retained interest in the entity or business is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in the consolidated income statement. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity or business are accounted for as if the related assets or liabilities have been directly disposed off. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

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 entity, but is not control or joint control over those policies. Investments in associates are accounted for by applying the equity method and include goodwill (net of accumulated impairment loss, if any) identified on acquisition, after initially being recorded at cost.

Joint ventures are contractual arrangements which establish joint control and where Emirates has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for by applying the equity method and include goodwill (net of accumulated impairment loss, if any) identified on acquisition, after initially being recognised at cost.

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

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.

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.

2. Summary of significant accounting policies (continued)

Revenue

Passenger (including excess baggage) and cargo sales are recognised as revenue when each performance obligation for the transportation service is fulfilled and is presented net of discounts and taxes. The transaction price is allocated to each performance obligation based on the relative stand-alone selling price related to each performance obligation. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the consolidated statement of financial position under current liabilities as passenger and cargo sales in advance within 'Deferred revenue'. Passenger ticket related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of service to the customer.

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

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

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

Frequent flyer programme ('Skywards')

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

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

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

Liquidated damages

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

Finance income and costs

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

Foreign currency translation

Emirates' consolidated financial statements are presented in UAE Dirham ("AED"), which is also the entity's functional currency. Subsidiaries, associates and joint ventures determine their own functional currency related to the primary economic environment in which they operate.

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 resulting 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.

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

Share of results of investments accounted for using the equity method are translated into AED at average exchange rates 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.

2. Summary of significant accounting policies (continued)

Foreign currency translation (continued)

When investments in subsidiaries, associates or joint ventures are disposed of, the related translation differences previously recorded in equity are then 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 of the foreign entity and translated at the exchange rates prevailing at the end of reporting period. Exchange differences arising are recognised in other comprehensive income.

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 Emirates operates and generates taxable income.

Deferred income tax is provided in full on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Also, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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 taxes relate to the same income tax authority.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost consists of the purchase cost, together with any incidental expenses of acquisition. Where Emirates receives credits from manufacturers in connection with the acquisition of certain aircraft and engines, these credits are recorded as a reduction to the cost of the related assets.

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 routine maintenance are charged to the consolidated income statement during the period in which they are incurred.

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

The estimated useful lives and residual values are:

Aircraft	15 – 18 years (residual value nil - 10%)
Aircraft spare engines and parts	5 – 15 years (residual value nil - 10%)
Buildings	15 – 40 years
Other property, plant and equipment	3 – 20 years or over the lease term, if shorter

Costs for aircraft and engine related major overhaul events are capitalised and depreciated over the shorter of the period to the next major overhaul, the remaining lease term or the useful life of the asset concerned. All other costs relating to asset maintenance (including maintenance provided under 'pay-as-you-go' contracts) are charged to the consolidated income statement as incurred.

The assets' residual values and useful lives are reviewed at least annually, and adjusted if appropriate.

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

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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 derecognition are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time that the assets are substantially ready for their intended use. Borrowing costs capitalised are calculated at the weighted average rate of general borrowing costs and applied to the expenditure on qualifying assets, except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowings costs incurred on these specific borrowings less any investment income earned on temporary surplus funds are capitalised as part of the qualifying asset.

Leases (applicable from 1 April 2019)

Right-of-use assets are capitalised at the commencement of the lease and recognised at cost, comprising of the present value of payments to be made to the lessor, any prepayments or advance lease rentals made at inception, together with the initial direct costs incurred by Emirates in respect of acquiring the lease and the present value of an estimate of costs to be incurred to meet the contractual restoration obligations, less any lease incentives received.

For contracts which contain one or more lease or non-lease components, the consideration in the contract has been allocated to each component on the basis of the relative stand-alone price of the component determined on the basis of estimated observable information.

Right-of-use assets are depreciated over the useful life or lease term (whichever is lower), unless the underlying lease contract provides an option to Emirates to acquire the asset at the end of the lease term and it is highly certain for Emirates to exercise that option. In such cases, the right-of-use asset is depreciated over the useful life in accordance with Emirates' policies with regards to property, plant and equipment.

Emirates acquires the right to purchase aircraft and related assets which are manufactured as per bespoke specifications and design, and are delivered through various financing arrangements. Where it is certain that the title of these assets will eventually be transferred to Emirates at the end of the financing term, these fall within the definition of “in-substance purchases” and are hence accounted as property, plant and equipment under IAS 16. Accordingly, the related liabilities are treated as term loans under IFRS 9.

Emirates uses two exemptions as permitted under IFRS 16 for not capitalising the leased asset i.e. short-term leases (with a lease term of 12 months or less) and lease contracts for which the value of the underlying asset is materially low (primarily comprising of office space and equipment). For these leases, none of which relate to aircraft, the lease rental charges are recognised as an operating expense on a straight-line basis over the period of the lease.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments (including payments for reasonably certain extension options), discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Emirates’ incremental borrowing rate for borrowing funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The future lease payments comprise fixed payments, variable payments that are dependent on an index (e.g. LIBOR) less any lease incentives receivable. All other variable lease payments are not included in the lease liability measurement and are charged to the consolidated income statement as and when due.

Subsequent changes resulting from reassessments or lease modifications that are not accounted for as separate leases (together referred as ‘remeasurements’) are accounted as adjustments to the carrying value of the lease liability with a corresponding impact to the related right-of-use asset.

Sale and leaseback transactions are tested under IFRS 15 at the date of the transaction, and if the transaction qualifies as a sale, the underlying asset is derecognised and a right-of-use asset with a corresponding liability is recognised equal to the retained interest in the asset. Any gain or loss is recognised immediately in the consolidated income statement for the interest in the asset transferred to the lessor. If the transaction does not qualify as sale under IFRS 15, a financial liability equal to the sale value is recognised in the consolidated financial statements as ‘Term loans’ within 'Borrowings and lease liabilities'.

2. Summary of significant accounting policies (continued)

Leases (applicable till 31 March 2019)

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

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

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

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

Goodwill

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

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

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

Other intangible assets

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

Trade names and contractual rights acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

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

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

Service rights	15 years
Trade names	20 years
Contractual rights	Up to 15 years, or based on the usage pattern of the underlying contract
Computer software	3-7 years

The intangible assets' useful lives are reviewed at least annually, and adjusted if appropriate.

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

2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Non-financial assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, non-aircraft related assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). In respect of aircraft and related assets, (including right-of-use-assets), these assets are assessed for impairment at Emirates' network level. Non-financial assets other than goodwill are reviewed at the end of each reporting period for possible reversals of historic impairment losses. Following the outbreak of COVID-19, Emirates has performed an analysis to consider whether any material impairment of non-financial assets (including right-of-use assets) existed at the balance sheet date. Based on this analysis, no impairments were noted as at 31 March 2020.

Financial assets

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

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Emirates applies simplified approach which uses lifetime expected loss allowances to calculate the impairment provisions on trade receivables. Specific loss allowances are also recognised when Emirates become aware of a customer experiencing financial difficulty. Trade receivables are written off once management has determined that such amount will not be recovered.

Cash and cash equivalents

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

Inventories

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

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 at the end of the reporting period. Derivatives are mostly designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). Fair values are obtained from quoted market prices or dealer quotes for similar instruments, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

2. Summary of significant accounting policies (continued)

Derivative financial instruments (continued)

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

When a cash flow hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting under IFRS 9, any cumulative deferred gain or loss existing in equity at that time is retained in equity and is ultimately recognised in the consolidated income statement when the forecast transaction or part of a volume of a forecast transaction occurs. If a forecast 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 any hedge ineffectiveness is recognised in the consolidated income statement within 'Other financial gains / (losses)'.

Hedge relationships are sometimes rebalanced for the purposes of maintaining a hedge ratio which is consistent with Emirates' risk management objectives. Any resulting ineffectiveness upon rebalancing is also recognised under 'Other financial gains / (losses)'.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting and are entered into as economic hedges are recognised immediately in the consolidated income statement within 'Other financial gains / (losses)'.

Borrowings

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

Provisions

Provisions are recognised when Emirates has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provision for aircraft return conditions

Provision for aircraft return conditions (restoration obligations) represents the estimate of the cost to meet the contractual lease end obligations on certain aircraft and engines at the time of re-delivery. At lease commencement, the present value of the expected cost considering the existing fleet plan and long-term maintenance schedules is recognised as a provision and are capitalised as part of the right-of-use asset and depreciated over the lease term.

Retirement benefit obligations

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

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

A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms approximating to the estimated term of the retirement benefit obligations.

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

Trade payables

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

2. Summary of significant accounting policies (continued)

Derecognition of financial assets and financial liabilities

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

Offsetting of financial assets and liabilities

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

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 Emirates' leadership team who make strategic decisions and are responsible for allocating resources and assessing performance of the operating segments.

Dividend distribution

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

3. Critical accounting estimates and judgements

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

Passenger and cargo revenue recognition

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

Frequent flyer programme ('Skywards')

Emirates accounts for Skywards miles (predominantly accrued through sale of flight tickets or purchase of miles by programme partners) as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale allocated to Skywards miles is based on their stand-alone value and is recorded under current liabilities as 'Deferred revenue' (Note 24).

The stand-alone selling price is determined using the adjusted market assessment approach. This approach involves estimation techniques to determine the stand-alone selling price of Skywards miles and reflect the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards based on historical trends. Adjustments to the stand-alone selling price of miles are also made for miles not expected to be redeemed by members and the extent to which the demand for an award cannot be met.

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

Useful lives and residual values of aircraft and related assets

Management assigns useful lives and residual values to aircraft and related assets based on the intended use and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

3. Critical accounting estimates and judgements (continued)

Leases

On adoption of IFRS 16 from 1 April 2019, while determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

To ascertain whether it is reasonably certain for Emirates to exercise these options, management takes into consideration any lease termination penalties that would be incurred, leasehold improvements that are estimated to have significant remaining value, historical lease durations and the cost associated to business disruption caused by replacing the leased asset.

Provision for aircraft return conditions

The measurement of the contractual provision for aircraft return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by Emirates. A significant level of judgement is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision. A reasonably possible change in any single assumption will not result in a material change to the provision.

Valuation of defined benefit obligations

The present value of the defined benefit obligations is determined on an actuarial basis using various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and expected salary increases which are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. A sensitivity analysis of changes in defined benefit obligations due to a reasonably possible change in these assumptions is set out in Note 23.

Ineffectiveness on fuel hedge derivatives

As part of its risk management strategy (as explained in more detail within Note 33), Emirates plans a monthly schedule of its highly probable forecast purchases of jet fuel and hedges a portion of these purchases. Emirates generally hedges the crude oil element of jet fuel by entering into net cash settled crude oil forward contracts of the same maturity. Following the outbreak and rapid global spread of COVID-19, Emirates no longer expects to consume the same volume of jet fuel as initially envisaged given the reduction in planned operations. The resulting hedge ineffectiveness charge of AED 1,098 m has been recognised in the consolidated income statement within 'Other financial gains / (losses)'. If the fuel uplifts were to be up to 10% points lower than the highly probable forecast as at 31 March 2020, this would have resulted in an additional hedge ineffectiveness charge of AED 445 m.

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 30).

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

5. Revenue

	2020 AED m	2019 AED m
Passenger	75,587	78,562
Cargo	11,207	13,056
Consumer goods	1,472	1,591
Catering operations	637	654
Food and beverage	636	673
Hotel operations	584	669
Excess baggage	478	444
Others	394	391
	90,995	**96,040**

6. Other operating income

Other operating income comprises AED 239 m (2019: AED 906 m) from liquidated damages and other compensations received in connection with aircraft and related operational matters, AED 153 m (2019: Nil) being a net foreign exchange gain, Nil amortisation of gains on sale and leaseback of aircraft, aircraft engines and parts (2019: AED 324 m) and income of AED 585 m (2019: AED 637 m) from ancillary services and activities incidental to Emirates' operations.

7. Operating costs

	2020 AED m	2019 AED m
Jet fuel	26,260	30,768
Depreciation and amortisation (see (a) below)	19,444	9,680
Employee (see (b) below)	12,058	12,623
Sales and marketing	5,516	6,137
Handling	5,274	5,544
In-flight catering	3,182	3,519
Overflying	2,537	2,761
Aircraft maintenance	2,162	2,413
Facilities and IT related costs	2,156	2,626
Landing and parking	2,155	2,231
Cost of goods sold	1,431	1,588
Crew layover	1,026	1,094
Foreign exchange loss - net	-	333
Aircraft operating leases	-	11,650
Other operating costs	394	314
Corporate overheads (see (c) below)	1,969	1,979
	85,564	**95,260**

(a) Depreciation and amortisation includes depreciation expense of AED 9,602 m (2019: AED 9,500 m) on property, plant and equipment and AED 9,392 m on right-of-use assets and the amortisation charge of AED 450 m (2019: AED 180 m) on intangible assets.

(b) Employee costs include AED 762 m (2019: AED 742 m) in respect of retirement benefit obligations (Note 23 (a)).

(c) Corporate overheads include a net charge of AED 41 m (2019: AED 26 m) in respect of impairment losses for trade receivables (Note 18).

(d) Operating costs include expenses related to short term leases of AED 337 m, non index based variable lease payments of AED 83 m and low value leases of AED 63 m.

8. Finance income and costs

	2020 AED m	2019 AED m
Finance income		
Interest income on bank deposits:		
Related parties (Note 32)	341	305
Others	251	191
Other interest income:		
Interest income from Joint ventures (Note 32)	-	1
	592	**497**
Finance costs		
Interest expense on lease liabilities:		
Aircraft	(2,977)	(1,450)
Non-aircraft	(166)	(70)
Interest expense on bonds and term loans	**(1,838)**	**(455)**
Other finance costs	**(380)**	**(198)**
	(5,361)	**(2,173)**
Finance costs - net	**(4,769)**	**(1,676)**

Interest expense on bonds and term loans includes interest on borrowings related to assets subject to financing agreements which are 'in-substance purchases' as defined in Emirates' accounting policies. The prior year expense of AED 1,450 m was presented within interest expense on lease liabilities in the year ended 31 March 2019 as the related balances are presented within lease liabilities in the consolidated statement of financial position as at 31 March 2019. See (Note 22 (b)) for further details.

Finance costs include an amount of AED 239 m (2019: AED 10 m) on borrowings and lease liabilities from companies under common control (Note 32).

9. Other financial gains / (losses)

Other financial gains / (losses) comprise of AED 601 m (2019: Nil) of realised gains on currency derivatives not qualifying for hedge accounting and AED 1,098 m (2019: Nil) of losses relating to hedge ineffectiveness on jet fuel forward contracts designated as cash flow hedges.

10. Income tax expense

	2020 AED m	2019 AED m
Current income tax expense	78	59
Deferred income tax (Note 26)	(12)	(2)
	66	**57**

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

11. Segment information

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

The performance of the airline and catering operations is evaluated based on segment revenue and profit or loss. Segment profit or loss 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 2020 is as follows:

	Airline AED m	Catering operations AED m	Other AED m	Recon-ciliation AED m	Total AED m
Total segment revenue	88,138	2,667	2,762	(293)	93,274
Inter-segment revenue	-	(2,030)	(249)	-	(2,279)
Revenue from external customers	88,138	637	2,513	(293)	90,995
Segment profit for the year	801	184	203	-	1,188
Finance income	588	8	-	(4)	592
Finance costs	(5,344)	(2)	(19)	4	(5,361)
Income tax (expense) / credit	(81)	-	15	-	(66)
Depreciation and amortisation	(18,942)	(195)	(307)	-	(19,444)
Share of results of investments accounted for using the equity method	-	-	112	-	112
Segment assets	163,460	3,098	6,202	(698)	172,062
Investments accounted for using the equity method	-	-	691	-	691
Additions to property, plant and equipment	8,687	69	71	-	8,827
Additions to right-of-use-assets	1,748	-	48	-	1,796
Additions to intangible assets	3,023	5	15	-	3,043

See Note 13 for details about the impact of adoption of IFRS 16 on the segment assets as at 31 March 2020.

11. Segment information (continued)

The segment information for the year ended 31 March 2019 is as follows:

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

Geographical information

	2020	2019
	AED m	AED m
Revenue from external customers:		
Europe	26,121	28,258
East Asia and Australasia	24,134	26,599
Americas	14,632	14,453
West Asia and Indian Ocean	9,764	9,364
Africa	8,691	9,074
Gulf and Middle East	7,653	8,292
	90,995	**96,040**

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

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

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

Prior year numbers have been reclassified to conform with the current year presentation and in line with internal organisation structure.

12. Property, plant and equipment

	Aircraft AED m	Aircraft spare engines and parts AED m	Aircraft and engine overhaul events AED m	Land and buildings AED m	Other property, plant and equipment AED m	Capital projects AED m	Total AED m
Cost							
31 March 2019	**91,837**	**7,002**	**11,412**	**16,352**	**7,239**	**3,339**	**137,181**
Assets held under leases transferred to right-of-use assets (Note 13)	-	-	-	(2,768)	-	-	(2,768)
Adjusted 1 April 2019 (Note 2)	**91,837**	**7,002**	**11,412**	**13,584**	**7,239**	**3,339**	**134,413**
Additions	-	197	1,450	22	195	6,963	8,827
Acquisitions (Note 34)	-	-	-	-	64	23	87
Transfer from capital projects	6,849	160	-	28	197	(7,234)	-
Disposals / write-offs	-	(222)	(1,888)	-	(395)	-	(2,505)
Currency translation differences	-	-	-	(47)	(2)	-	(49)
31 March 2020	**98,686**	**7,137**	**10,974**	**13,587**	**7,298**	**3,091**	**140,773**
Accumulated depreciation							
31 March 2019	**29,054**	**2,285**	**6,201**	**5,163**	**5,047**	**-**	**47,750**
Assets held under leases transferred to right-of-use assets (Note 13)	-	-	-	(320)	-	-	(320)
Adjusted 1 April 2019 (Note 2)	**29,054**	**2,285**	**6,201**	**4,843**	**5,047**	**-**	**47,430**
Charge for the year	5,669	542	2,409	443	539	-	9,602
Acquisitions (Note 34)	-	-	-	-	29	-	29
Disposals / write-offs	-	(88)	(1,886)	-	(379)	-	(2,353)
Currency translation differences	-	-	-	(18)	(1)	-	(19)
31 March 2020	**34,723**	**2,739**	**6,724**	**5,268**	**5,235**	**-**	**54,689**
Net book amount							
31 March 2020	**63,963**	**4,398**	**4,250**	**8,319**	**2,063**	**3,091**	**86,084**

The net book amount of aircraft includes an amount of AED 57,233 m (2019: AED 57,218 m) in respect of assets provided as security against financing obligations.

Land of AED 568 m (2019: AED 983 m) is carried at cost and is not depreciated. On adoption of IFRS 16, land of AED 413 m was transferred to right-of-use assets.

12. Property, plant and equipment (continued)

Property, plant and equipment includes interest capitalised during the year amounting to AED 35 m (2019: AED 121 m). The interest on general borrowings for qualifying assets was capitalised using an annual weighted average capitalisation rate of 4.1% (2019: 4.0%).

Capital projects include pre-delivery payments of AED 2,165 m (2019: AED 2,579 m) in respect of aircraft due for delivery between 2021 and 2030.

Additional categories within property, plant and equipment have been presented in the year ended 31 March 2020, comparative balances for the year ended 31 March 2019 have also been presented in a consistent format, there is no change to the overall net book amount of property, plant and equipment as at 31 March 2019.

	Aircraft	**Aircraft spare engines and parts**	**Aircraft and engine overhaul events**	**Land and buildings**	**Other property, plant and equipment**	**Capital projects**	**Total**
	AED m	AED m	AED m	AED m	AED m	AED m	AED m
Cost							
1 April 2018	**80,988**	**7,091**	**9,884**	**14,961**	**7,010**	**7,019**	**126,953**
Additions	-	205	3,304	54	223	9,392	13,178
Transfer from capital projects	11,069	75	-	1,370	558	(13,072)	-
Disposals / write-offs	(220)	(369)	(1,783)	(6)	(542)	-	(2,920)
Currency translation differences	-	-	7	(27)	(10)	-	(30)
31 March 2019	**91,837**	**7,002**	**11,412**	**16,352**	**7,239**	**3,339**	**137,181**
Accumulated depreciation							
1 April 2018	**24,067**	**2,100**	**5,305**	**4,530**	**5,000**	**-**	**41,002**
Charge for the year	5,207	444	2,633	645	571	-	9,500
Disposals / write-offs	(220)	(259)	(1,737)	(2)	(519)	-	(2,737)
Currency translation differences	-	-	-	(10)	(5)	-	(15)
31 March 2019	**29,054**	**2,285**	**6,201**	**5,163**	**5,047**	**-**	**47,750**
Net book amount							
31 March 2019	**62,783**	**4,717**	**5,211**	**11,189**	**2,192**	**3,339**	**89,431**

13. Right-of-use assets

	Aircraft	Aircraft spare engines	Land and buildings	Others	Total
	AED m	AED m	AED m	AED m	AED m
Net book amount of right-of-use assets recognised on adoption of IFRS 16	55,955	146	2,364	23	58,488
Net book amount of assets held under leases transferred from property, plant and equipment (Note 12)	-	-	2,448	-	2,448
Net book amount at 1 April 2019 (Note 2)	**55,955**	**146**	**4,812**	**23**	**60,936**
Additions	-	-	1,796	-	1,796
Remeasurements	(430)	33	49	-	(348)
Depreciation charge for the year	(8,182)	(91)	(1,114)	(5)	(9,392)
Net book amount at 31 March 2020	**47,343**	**88**	**5,543**	**18**	**52,992**

Emirates leases aircraft, aircraft spare engines, land and buildings, vehicles and airport equipment among other assets. In terms of land and buildings, Emirates mainly leases airport infrastructure assets, including lounges and office space, as well as other buildings used for office, retail and staff accommodation purposes.

No depreciation is charged on land amounting to AED 454 m (2019: AED 413 m presented in Note 12) as the legal title will be transferred to Emirates upon completion of the lease term.

Following the outbreak of COVID-19, Emirates conducted an impairment review in respect of property, plant and equipment and right-of-use assets. For impairment testing purposes discounted cash flows have taken into account the period that Emirates expects to be impacted by COVID-19 followed by long term growth rate not exceeding 2%. A discount rate of 7% has been applied to the cash flows. A reasonably possible change in any of the key assumptions would not lead to an impairment charge.

The net book amount of right-of-use assets pertains to the following segments:

	2020
	AED m
Airline	52,691
Catering operations	28
Other	273
	52,992

14. 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 2019	**609**	**282**	**19**	**56**	**1,816**	**2,782**
Additions	-	-	-	2,821	222	3,043
Aquisitions (Note 34)	209	-	-	-	-	209
Disposals	-	-	-	(1)	(11)	(12)
Currency translation differences	-	-	-	-	(2)	(2)
31 March 2020	**818**	**282**	**19**	**2,876**	**2,025**	**6,020**
Accumulated amortisation						
1 April 2019	**-**	**175**	**10**	**26**	**997**	**1,208**
Amortisation for the year	-	15	1	223	211	450
Disposals	-	-	-	(1)	(9)	(10)
Currency translation differences	-	-	-	-	(1)	(1)
31 March 2020	**-**	**190**	**11**	**248**	**1,198**	**1,647**
Net book value						
31 March 2020	**818**	**92**	**8**	**2,628**	**827**	**4,373**

Computer software includes an amount of AED 221 m (2019: AED 291 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, adjusted for Emirates' view of the impact of COVID-19 on the results of the cash generating units. Cash flows beyond the three year period have been extrapolated using long term terminal growth rates. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate of 12% (2019: 12%), gross margins consistent with historical trends and growth rates based on management's expectations for market development. The long term terminal growth rate of 2% (2019: 2%) does not exceed the long term average growth rate for the markets in which the cash generating units operate. Any reasonably possible change to the assumptions will not lead to an impairment charge.

14. Intangible assets (continued)

The goodwill allocated to the cash generating unit or groups of cash generating units is as follows:

Cash generating unit	Location	Reportable segment	Goodwill 2020 AED m	Goodwill 2019 AED m
Catering operations	UAE	Catering operations	369	369
Consumer goods	UAE	Other	212	212
Food and beverage	USA	Other	209	-
Food and beverage	UAE	Other	25	25
Food and beverage	Australia	Other	3	3
			818	**609**

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

15. 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				
Emirates Flight Catering Company L.L.C.	90	90	In-flight and institutional catering	UAE
Maritime & Mercantile International L.L.C.	68.7	68.7	Wholesale and retail of consumer goods	UAE
Emirates Leisure Retail L.L.C.	68.7	68.7	Food and beverage operations	UAE
Emirates Leisure Retail (Singapore) Pte Ltd.	100	100	Food and beverage operations	Singapore
Emirates Leisure Retail (Australia) Pty Ltd.	100	100	Food and beverage operations	Australia
Emirates Hotel L.L.C.	100	100	Hotel operations	UAE
Emirates Hotels (Australia) Pty Ltd.	100	100	Hotel operations	Australia
Acquired during the year:				
Air Ventures LLC.	75	75	Food and beverage operations	USA

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

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

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

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

Movement of investments accounted for using the equity method

	2020 AED m	2019 AED m
Balance brought forward	**683**	**662**
Impact on adoption of IFRS 16 (Note 2)	(10)	-
Adjusted 1 April 2019	**673**	**662**
Investments during the year	21	74
Share of results	112	116
Dividends	(113)	(126)
Disposals during the year	-	(38)
Currency translation differences	(2)	(5)
Balance carried forward	**691**	**683**

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

	2020 AED m	2019 AED m
Share of results of associates	64	70
Share of total comprehensive income of associates	**64**	**70**
Aggregate carrying value of investments in associates	**48**	**48**

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

	2020 AED m	2019 AED m
Share of results of joint ventures	48	46
Share of total comprehensive income of joint ventures	**48**	**46**
Aggregate carrying value of investments in joint ventures	**643**	**635**

16. Advance lease rentals

	2020 AED m	2019 AED m
Balance brought forward	**5,221**	**5,651**
Impact on adoption of IFRS 16 (Note 2)	**(5,221)**	-
Adjusted 1 April 2019	**-**	**5,651**
Additions during the year	-	169
Charge for the year	-	(599)
Balance carried forward	**-**	**5,221**

17. Inventories

	2020 AED m	2019 AED m
In-flight consumables	1,401	1,378
Consumer goods	639	540
Engineering	484	453
Others	146	154
	2,670	**2,525**

In-flight consumables include AED 974 m (2019: AED 964 m) relating to items which are not expected to be consumed within twelve months after the reporting period.

18. Trade and other receivables

	2020 AED m	2019 AED m
Trade receivables - net of provision	2,296	5,770
Prepayments	944	2,886
Related parties (Note 32)	146	187
Lease and other deposits	302	508
Other receivables	1,287	1,528
	4,975	**10,879**
Less: Receivables over one year	(192)	(139)
	4,783	**10,740**

Prepayments include Nil amount (2019: AED 55 m) paid to companies under common control.

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

Receivables over one year include prepayments and other receivables.

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

	2020 AED m	2019 AED m
Balance brought forward	**69**	**81**
Charge for the year	82	68
Unused amounts reversed	(41)	(42)
Amounts written off as uncollectible	(13)	(32)
Currency translation differences	(3)	(6)
Balance carried forward	**94**	**69**

18. Trade and other receivables (continued)

The net provision for impairment losses for trade receivables AED 41 m (2019: AED 26 m) is included in operating costs (Note 7).

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

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

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

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

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

	2020 AED m	**2019** AED m
Below 3 months	564	352
3-6 months	56	57
Above 6 months	39	27
	659	**436**

For further details on credit risk management, refer Note 33.

19. Short term bank deposits and cash and cash equivalents

	2020 AED m	**2019** AED m
Bank deposits	16,661	14,413
Cash and bank	3,588	2,624
Cash and bank balances	**20,249**	**17,037**
Less: Short term bank deposits - with original maturity of more than 3 months	(12,017)	(11,974)
Cash and cash equivalents as per the consolidated statement of financial position	**8,232**	**5,063**
Bank overdraft (Note 22)	-	(29)
Cash and cash equivalents as per the consolidated statement of cash flows	**8,232**	**5,034**

Cash and bank balances earned an effective interest rate of 3.4% (2019: 3.4%) per annum.

Cash and bank balances include AED 8,352 m (2019: AED 11,338 m) held with companies under common control.

20. Capital

Capital represents the permanent capital of Emirates.

21. Other reserves

	Cash flow hedge reserve AED m	Translation reserve AED m	Total AED m
1 April 2018	**12**	**3**	**15**
Currency translation differences	-	(17)	(17)
Net loss on fair value of cash flow hedges	(102)	-	(102)
Transferred to the consolidated income statement upon settlement	31	13	44
31 March 2019	**(59)**	**(1)**	**(60)**
Currency translation differences	-	(11)	(11)
Net loss on fair value of cash flow hedges	(6,499)	-	(6,499)
Hedge ineffectiveness transferred to the consolidated income statement	1,098	-	1,098
Transferred to the consolidated income statement upon settlement	(229)	-	(229)
31 March 2020	**(5,689)**	**(12)**	**(5,701)**

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

	2020 AED m	2019 AED m
Revenue	1	-
Operating costs	236	-
Finance costs	(8)	(31)
Other operating income	-	(13)
	229	**(44)**

22. Borrowings and lease liabilities

	2020 AED m	2019 AED m
Non-current		
Lease liabilities (Note 22 (a))	46,333	34,050
Term loans (Note 22 (b))	41,204	7,377
Bonds (Note 22 (c))	3,191	4,006
	90,728	**45,433**
Current		
Lease liabilities (Note 22 (a))	8,570	5,460
Term loans (Note 22 (b))	10,044	1,302
Bonds (Note 22 (c))	815	815
Bank overdraft (Note 19)	-	29
	19,429	**7,606**
	110,157	**53,039**
Borrowings and lease liabilities are denominated in the following currencies:		
US Dollar	95,112	49,427
UAE Dirham	5,601	3,139
Euro	4,547	444
Japanese Yen	2,424	-
Pound Sterling	2,157	29
Others	316	-

The effective interest rate per annum on lease liabilities was 5.4%, term loans was 3.7% (2019: 4.6% and 3.8% for erstwhile finance leases) and bonds was 4.4% (2019: 4.5%).

22 (a). Lease liabilities

	2020 AED m	2019 AED m
Balance brought forward	**39,510**	**40,374**
Impact on adoption of IFRS 16 (Note 2)	60,765	-
Transferred to term loans (Note 22 (b))	(37,995)	-
Adjusted 1 April	**62,280**	**40,374**
Additions	1,702	8,633
Interest	3,143	-
Remeasurements	(251)	-
Repayments	(11,777)	(9,490)
Currency translation differences	(194)	(7)
Balance carried forward	**54,903**	**39,510**
Gross lease liabilities:		
Within one year	11,291	6,913
Between 2 and 5 years	35,617	22,822
After 5 years	19,227	17,244
	66,135	**46,979**
Future interest	(11,232)	(7,469)
Present value of lease liabilities	**54,903**	**39,510**
The present value of lease liabilities relate to:		
Aircraft	50,367	37,995
Non-aircraft	4,536	1,515
Repayable as follows:		
Within one year (Note 22)	**8,570**	**5,460**
Between 2 and 5 years	28,847	19,092
After 5 years	17,486	14,958
Total over one year (Note 22)	**46,333**	**34,050**

22 (a). Lease liabilities (continued)

	2020 AED m	2019 AED m
Denominated in the following currencies:		
US Dollar	43,175	35,940
UAE Dirham	3,994	3,126
Euro	2,837	444
Japanese Yen	2,424	-
Pound Sterling	2,157	-
Others	316	-

Lease liabilities include AED 3,156 m (2019: Nil) payable for leases from companies under common control on normal commercial terms.

Reconciliation of operating lease commitments applying IAS 17 to lease liabilities measured under IFRS 16 at 1 April 2019:

	AED m
Operating lease commitments disclosed as at 31 March 2019 applying IAS 17:	**75,005**
Less: Short-term leases	(103)
Less: Leases for which the underlying asset is of low value	(16)
Less: Leases which expire within 12 months of transition date and the short-term lease practical expedient has been applied	(35)
	74,851
Discounted using the Emirates' incremental borrowing rate at 1 April 2019	**60,765**

The weighted average Emirates' incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position at 1 April 2019 is 5.4%.

22 (b). Term loans

	2020 AED m	2019 AED m
Balance brought forward	**8,732**	**5,041**
Transferred from lease liabilities (Note 22 (a))	37,995	**-**
Adjusted 1 April	**46,727**	**5,041**
Additions during the year	14,116	8,268
Acquisitions (Note 34)	37	-
Repayments during the year	(9,562)	(4,577)
Currency translation differences	(24)	-
Balance carried forward	**51,294**	**8,732**
Less: Transaction costs	(46)	(53)
	51,248	**8,679**

Term loans are repayable as follows:		
Within one year (Note 22)	**10,044**	**1,302**
Between 2 and 5 years	22,437	3,813
After 5 years	18,767	3,564
Total over one year (Note 22)	**41,204**	**7,377**
Term loans are denominated in the following currencies:		
US Dollar	47,931	8,666
Euro	1,710	-
UAE Dirham	1,607	13

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22 (b). Term loans (continued)

Contractual repricing dates are set at three to six month intervals. Term loans amounting to AED 44,427 m (2019: AED 6,213 m) are secured on aircraft.

Borrowings related to assets subject to financing arrangements which are 'in-substance purchases' as defined in Emirates' accounting policies applicable to leases are disclosed as term loans and the balances held as at 31 March 2019 have been transferred to term loans as at 1 April 2019 from lease liabilities . There is no impact on the presentation of balances in the consolidated statement of financial position as both term loans and lease liabilities are presented within 'Borrowings and lease liabilities'.

The fair value of the term loans amounts to AED 51,564 m (2019: AED 8,729 m). The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread. The fair value of the term loans fall into level 2 of the fair value hierarchy.

Term loans include AED 2,536 m (2019: AED 803 m) provided by financial institutions under common control on normal commercial terms.

22 (c). Bonds

	2020 AED m	2019 AED m
Balance brought forward	**4,845**	**5,780**
Repayments during the year	(819)	(935)
Balance carried forward	**4,026**	**4,845**
Less: Transaction costs	(20)	(24)
	4,006	**4,821**
Bonds are repayable as follows:		
Within one year (Note 22)	**815**	**815**
Between 2 and 5 years	2,569	2,915
After 5 years	622	1,091
Total over one year (Note 22)	**3,191**	**4,006**

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

The fair value of the bonds is AED 3,763 m (2019: AED 4,812 m) based on listed prices and falls into level 1 of the fair value hierarchy.

23. Provisions

	2020 AED m	2019 AED m
Non-current		
Retirement benefit obligations (Note 23 (a))	1,614	1,572
Aircraft return conditions (Note 23 (b))	5,425	2,509
	7,039	**4,081**
Current		
Aircraft return conditions (Note 23 (b))	786	678
	786	**678**
	7,825	**4,759**

23 (a). 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 2020 in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 2.0% (2019: 3.0%) and a discount rate of 3.0% (2019: 3.75%) per annum. The present values of the defined benefit obligations at 31 March 2020 were computed using the actuarial assumptions set out above.

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

	2020 AED m	**2019** AED m
Funded scheme		
Present value of defined benefit obligations	2,711	2,703
Less: Fair value of plan assets	(2,705)	(2,699)
	6	**4**
Unfunded scheme		
Present value of defined benefit obligations	**1,608**	**1,568**
Provision recognised in the consolidated statement of financial position	**1,614**	**1,572**

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

(i) Funded scheme

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

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

The liability of AED 6 m (2019: AED 4 m) represents the amount that will not be settled from plan assets and is calculated as the excess of the present value of the defined benefit obligation for an individual employee over the fair value of the employee's plan assets at the end of the reporting period.

23 (a). Retirement benefit obligations (continued)

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

	2020 AED m	2019 AED m
Balance brought forward	**2,699**	**2,577**
Contributions received	317	308
Benefits paid	(193)	(201)
Change in fair value	(118)	15
Balance carried forward	**2,705**	**2,699**

Contributions received include the transfer of accumulated benefits from unfunded schemes. Emirates expects to contribute approximately AED 324 m for existing plan members during the year ending 31 March 2021.

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:

	2020 AED m	2019 AED m
Balance brought forward	**1,568**	**1,414**
Current service cost	204	169
Interest cost	57	57
Remeasurement		
- changes in experience / demographic assumptions	-	10
- changes in financial assumptions	(55)	50
Payments made during the year	(166)	(132)
Balance carried forward	**1,608**	**1,568**

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

23 (a). Retirement benefit obligations (continued)

(iii) Defined contribution plans

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

The total amount recognised in the consolidated income statement in respect of all post-employment benefit plans is as follows:

	2020 AED m	2019 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	301	297
Net change in the present value of defined benefit obligations over plan assets	2	-
	303	**297**
Unfunded scheme		
Current service cost	204	169
Interest cost	57	57
	261	**226**
Defined contribution plan		
Contributions expensed	198	219
Recognised in the consolidated income statement	**762**	**742**

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

Assumption	**Change**	**Effect on unfunded scheme** AED m
Discount rate	+ 0.5%	(64)
	- 0.5%	70
Expected salary increases	+ 0.5%	71
	- 0.5%	(60)

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 10 years (2019: 15 years).

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

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

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

23 (b). Aircraft return conditions

	2020 AED m	2019 AED m
Balance brought forward	**3,187**	**3,336**
Impact on adoption of IFRS 16 (Note 2)	3,571	-
Adjusted 1 April	**6,758**	**3,336**
Charge for the year	-	549
Unwinding of discount for the year	347	165
Utilised on return of aircraft & aircraft engines	(477)	(662)
Unutilised amounts reversed	(320)	(201)
Remeasurements	(97)	-
Balance carried forward	**6,211**	**3,187**
The provision is expected to be used as follows:		
Within one year (Note 23)	**786**	**678**
Over one year (Note 23)	**5,425**	**2,509**

24. Deferred revenue

	2020 AED m	2019 AED m
Passenger and cargo sales in advance (Note 24 (a))	8,830	11,973
Frequent flyer programme (Note 24 (b))	1,842	2,009
	10,672	**13,982**

24 (a). Passenger and cargo sales in advance

Passenger and cargo sales in advance represents revenue documents sold but unused as at the reporting date. Revenue is recognised when Emirates performs its obligations for the respective transportation services. These performance obligations are expected to be fulfilled within the next year.

24 (b). Frequent flyer programme

	2020 AED m	2019 AED m
Balance brought forward	**2,009**	**2,243**
Additions during the year	1,203	1,577
Recognised during the year	(1,370)	(1,811)
Balance carried forward	**1,842**	**2,009**

Deferred revenue with respect to the frequent flyer programme 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.

25. Deferred credits

	2020 AED m	2019 AED m
Balance brought forward	**2,759**	**2,934**
Impact on adoption of IFRS 16 (Note 2)	(2,759)	-
Adjusted 1 April	**-**	**2,934**
Additions during the year	-	149
Recognised during the year	-	(324)
Balance carried forward	**-**	**2,759**

26. 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:

	2020 AED m	2019 AED m
Deferred income tax asset	25	13
Deferred income tax liability	(3)	(3)
	22	**10**

	2020 AED m	2019 AED m
The movements in deferred taxes are as follows:		
Balance brought forward	**10**	**7**
Credited to the consolidated income statement (Note 10)	12	2
Currency translation differences	-	1
Balance carried forward	**22**	**10**

27. Trade and other payables

	2020 AED m	2019 AED m
Trade payables and accruals	12,162	14,031
Related parties (Note 32)	834	946
	12,996	**14,977**
Less: Payables over one year	(116)	(155)
	12,880	**14,822**

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

28. Guarantees

	2020 AED m	2019 AED m
Guarantees and letters of credit provided by banks in the normal course of business	**881**	**815**

Guarantees and letters of credit include AED 166 m (2019: AED 197 m) provided by companies under common control on normal commercial terms.

29. Commitments

Capital commitments

	2020 AED m	2019 AED m
Aircraft (contracted and non-contracted)	142,260	187,035
Non-aircraft	373	592
Joint ventures	60	4
	142,693	**187,631**

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

Financial year	**Aircraft**
2020-21	3
Beyond 2020-21	200

In the event that delivery of certain aircraft are not taken, penalties are payable by Emirates to the extent of AED 257 m (2019: AED 257 m).

Operational commitments

	2020 AED m	2019 AED m
Sales and marketing	**3,296**	**3,055**

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30. Derivative financial instruments

Description	2020		2019	
	Term	AED m	Term	AED m
Cash flow hedge				
Non-current assets				
Interest rate swaps		-	2021-2028	24
		-		**24**
Current assets				
Interest rate swaps		-		6
Currency forwards		3		5
		3		**11**
Cash flow hedge				
Non-current liabilities				
Jet fuel forward contracts	2022	(1,118)		-
Interest rate swaps	2022-2032	(579)	2021-2028	(81)
		(1,697)		**(81)**
Current liabilities				
Jet fuel forward contracts		(5,024)		-
Interest rate swaps		(43)		(20)
		(5,067)		**(20)**

	2020	2019
	AED m	AED m
Jet fuel forward contracts		
Change in fair value of outstanding hedging instruments since 1 April	(5,906)	-
Hedge ratio	1:1	-
Weighted average hedged rate (in USD per barrel)	55	-

Ineffectiveness of AED 1,098 m (2019: Nil) related to our jet fuel hedging level of 45% for the period to 31 March 2022 was recognised in the current year (Note 9).

	2020	2019
	AED m	AED m
Interest rate swaps		
Change in fair value of outstanding hedging instruments since 1 April	(561)	(102)
Hedge ratio	1:1	1:1
Weighted average hedged rate	2.1%	2.8%

No ineffectiveness on the interest rate swaps was recognised in the current and prior year.

The notional principal amounts outstanding are:

	2020	2019
	AED m	AED m
Jet fuel forward contracts	17,811	-
Interest rate contracts	12,137	7,238
Currency contracts	48	1,203

The notional principal amounts outstanding include AED 3,939 m (2019: AED 2,413 m) against derivatives entered with companies under common control.

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

31. Classification of financial instruments

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

Description	Financial assets at amortised cost AED m	Derivative financial instruments AED m	Financial liabilities at amortised cost AED m	Total AED m
2020				
Assets				
Derivative financial instruments	-	3	-	3
Trade and other receivables (excluding prepayments)	4,031	-	-	4,031
Short term bank deposits	12,017	-	-	12,017
Cash and cash equivalents	8,232	-	-	8,232
Total	**24,280**	**3**	**-**	**24,283**
Liabilities				
Borrowings and lease liabilities	-	-	110,157	110,157
Provision for aircraft return conditions	-	-	6,211	6,211
Trade and other payables	-	-	12,996	12,996
Derivative financial instruments	-	6,764	-	6,764
Total	**-**	**6,764**	**129,364**	**136,128**

31. Classification of financial instruments (continued)

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

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

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

	2020 AED m	2019 AED m
Trading transactions:		
(i) Sale of goods and services		
Sale of goods - Companies under common control	330	339
Sale of goods - Joint ventures	39	42
Sale of goods - Associates	50	59
Services rendered - Companies under common control	547	547
Services rendered - Joint ventures	18	15
Sale of frequent flyer miles - Companies under common control	394	350
	1,378	**1,352**
(ii) Purchase of goods and services		
Purchase of goods - Companies under common control	6,671	6,973
Purchase of goods - Associates	78	229
Services received - Companies under common control	2,879	3,307
Services received - Joint ventures	-	11
	9,628	**10,520**

	2020 AED m	2019 AED m
Other transactions:		
(i) Finance income		
Companies under common control (Note 8)	341	305
Joint ventures (Note 8)	-	1
	341	**306**
(ii) Finance cost		
Companies under common control (Note 8)	239	10
(iii) Compensation to key management personnel		
Salaries and short term employee benefits	102	107
Post-employment benefits	14	16
Termination benefits	2	-
	118	**123**

Effective 31 March 2020, beneficial ownership of the Emirates Holidays and its subsidiaries were transferred to Emirates from dnata for consideration of AED 9m which was equal to carrying value of assets and liabilities transferred.

Emirates also uses number of public utilities provided by Government controlled entities for its operations in Dubai, where these entities are the sole providers of the relevant services. This includes the supply of electricity, water and airport services. Transactions falling in these expense categories are individually insignificant and carried out on an arm's length basis.

32. Related party transactions and balances (continued)

	2020 AED m	2019 AED m
Year end balances		
(i) Receivables - sale of goods and services		
Companies under common control	69	101
Joint ventures	37	32
Associates	7	13
Receivable within one year	**113**	**146**
(ii) Receivables - other transactions		
Companies under common control	22	31
Receivable within one year	**22**	**31**

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.

	2020 AED m	2019 AED m
(iii) Other receivables		
Joint ventures	3	3
	3	**3**
Movement in other receivables were as follows:		
Balance brought forward	**3**	**9**
Additions during the year	-	1
Repayments during the year	-	(7)
Balance carried forward	**3**	**3**
Receivable within one year	**-**	**-**
Receivable over one year	**3**	**3**

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

	2020 AED m	2019 AED m
(iv) Loans and advances to key management personnel		
Balance brought forward	**7**	**6**
Additions during the year	9	8
Repayments during the year	(8)	(7)
Balance carried forward	**8**	**7**
Receivable within one year	**4**	**3**
Receivable over one year	**4**	**4**

	2020 AED m	2019 AED m
(v) Payables - purchase of goods and services (Note 27)		
Companies under common control	798	918
Associates	24	13
	822	**931**
(vi) Other payables (Note 27)		
Companies under common control	12	15
	12	**15**

33. Financial risk management

Financial risk factors

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

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

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

(i) Credit risk

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

Emirates manages limits and controls concentrations of risk wherever they are identified. In the normal course of business, Emirates places significant deposits with high credit quality banks and financial institutions. Transactions with derivative counterparties are similarly limited to high credit quality financial institutions. Exposure to credit risk is also managed through regular analysis of the ability of counterparties and potential counterparties to meet their obligations and by changing their limits where appropriate. Approximately 90% (2019: 93%) of cash and bank balances are held with financial institutions based in the UAE.

The sale of passenger and cargo transportation is largely achieved through International Air Transport Association (IATA) approved sales agents and online sales. All IATA agents have to meet a minimum financial criteria applicable to their country of operation to remain accredited. Adherence to the financial criteria is monitored on an ongoing basis by IATA through their Agency Programme. The credit risk associated with such sales agents and the related balances within trade receivables is therefore low and further reduced by their diverse base and credit risk analytics performed by Emirates.

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

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

	2020 AED m	**2019** AED m
AA- to AA+	440	485
A- to A+	18,388	14,664
BBB+	1,061	1,623
Lower than BBB+	28	18
Unrated	321	229

33. Financial risk management (continued)

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. Emirates uses judgement in making these assumptions and selecting inputs to the impairment calculation based on past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. These judgements have been reassessed in the wake of the COVID-19 outbreak. As of 31 March 2020, the provision for impairment of trade and other receivables amounts to AED 94 m (2019: AED 69 m) and has been disclosed under Note 18.

While cash assets are also subject to the impairment requirements of IFRS 9, the identified loss allowance on these balances was immaterial.

(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 the volatility in the price of jet fuel (which is primarily driven by the movement in ICE Brent crude oil and the jet fuel refining margin (crack spread) as its two significant components) and closely monitors the actual cost against the forecast cost. To manage the price risk, Emirates' has formulated its risk management objective and strategy according to which Emirates hedges part of its highly probable forecast purchases of jet fuel up to 24 months in advance using commodity futures, options and swaps, as and when opportunity arises and depending on the market conditions. Emirates maintains monthly schedules of its highly probable forecast purchases of jet fuel and usually hedges the crude oil element of jet fuel by entering into net cash settled crude oil forward contracts of the same maturity. Both purchases and derivatives are generally denominated in USD which is pegged to AED, therefore there is no foreign currency exposure.

Currency risk

Emirates is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises due to exchange rate fluctuations between the UAE Dirham and other currencies generated from Emirates' revenue earning activities. Long term debt obligations are mainly denominated in UAE Dirham or in US Dollar to which the UAE Dirham is pegged. Additionally, some lease liabilities are denominated in Euro, Pound Sterling and Japanese Yen to provide a natural hedge against revenue inflows in these currencies. Senior management monitors currency positions on a regular basis.

Emirates is in a net payer position with respect to the US Dollar and UAE Dirham and in a net surplus position for other currencies. Currency surpluses are converted to US Dollar and UAE Dirham funds. Currency risks arise mainly from Emirates' revenue earning activities in Euro, Pound Sterling, Australian Dollar, Indian Rupee, Chinese Yuan and South African Rand. Currency risks are hedged dynamically using forwards and options, as appropriate, as well as through natural hedges of 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 379 m (2019: AED 396 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, lease liabilities and interest income on its bank deposits. The key reference rates based on which interest costs are determined are LIBOR for US Dollar, EIBOR for UAE Dirham and EURIBOR for Euro. Summarised quantitative data is available in Note 22 for interest cost exposures.

33. Financial risk management (continued)

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

Sensitivity analysis of market risk

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

	2020		2019	
	Effect on profit AED m	Effect on equity AED m	Effect on profit AED m	Effect on equity AED m
Interest rate risk				
Interest cost				
- 25 basis points				
UAE Dirham	3	3	4	4
US Dollar	81	(26)	81	32
Euro	-	-	1	1
	84	**(23)**	**86**	**37**
+ 25 basis points				
UAE Dirham	(3)	(3)	(4)	(4)
US Dollar	(81)	26	(81)	(32)
Euro	-	-	(1)	(1)
	(84)	**23**	**(86)**	**(37)**
Interest income				
- 25 basis points	(17)	(17)	(9)	(9)
+ 25 basis points	17	17	9	9

	2020		2019	
	Effect on profit AED m	Effect on equity AED m	Effect on profit AED m	Effect on equity AED m
Currency risk				
- Euro				
+ 1%	1	(44)	8	(1)
- 1%	(1)	44	(8)	1
- Pound Sterling				
+ 1%	3	(18)	5	3
- 1%	(3)	18	(5)	(3)
- Australian Dollar				
+ 1%	-	(1)	2	1
- 1%	-	1	(2)	(1)
- Indian Rupee				
+ 1%	1	1	4	4
- 1%	(1)	(1)	(4)	(4)
- Chinese Yuan				
+ 1%	1	1	1	1
- 1%	(1)	(1)	(1)	(1)
- South African Rand				
+ 1%	-	-	1	1
- 1%	-	-	(1)	(1)
- Japanese Yen				
+ 1%	-	(24)	-	-
- 1%	-	24	-	-

33. Financial risk management (continued)

	2020		2019	
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
	AED m	AED m	AED m	AED m
Jet fuel price risk				
+ USD 5 on price	156	1,461	-	-
- USD 5 on price	(158)	(1,532)	-	-

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

Emirates expects a significantly adverse impact on its liquidity due to COVID-19 outbreak. Management has taken several steps in protecting cash flows through compensating cost saving measures, reductions to discretionary capital expenditure and agreeing additional working capital facilities.

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
2020				
Borrowings and lease liabilities	23,641	64,014	41,322	128,977
Derivative financial instruments	5,081	1,528	143	6,752
Provision for aircraft return conditions	813	4,260	2,745	7,818
Trade and other payables	12,880	116	-	12,996
	42,415	**69,918**	**44,210**	**156,543**
2019				
Borrowings and lease liabilities	9,725	31,423	22,777	63,925
Derivative financial instruments	19	27	25	71
Provision for aircraft return conditions	693	1,811	1,298	3,802
Trade and other payables	14,822	155	-	14,977
	25,259	**33,416**	**24,100**	**82,775**

34. Acquisitions

On 31 March 2020, Emirates through its wholly owned subsidiary Air Ventures Holding Inc acquired 75% of the business of Air Ventures LLC and Air Ventures LGA, LLC ("Air Ventures Group"). The principal activities of Air Ventures Group are retail sales of food and beverage products in the United States of America.

Assets and liabilities arising from and recognised on acquisition have been measured on provisional basis, pending the fair valuation of acquired net assets.

	Air Ventures Group AED m
Property, plant and equipment (Note 12)	58
Other current assets	5
Cash and cash equivalents	2
Current liabilities	(14)
Borrowings and lease liabilities (Note 22 (b))	(37)
Fair value of assets acquired	**14**
Less: Non-controlling interest	(4)
Emirates' share of net assets acquired	**10**
Goodwill (Note 14)	209
Total purchase consideration	**219**
Less: Cash and cash equivalents acquired	(2)
Less: Deferred consideration	(25)
Less: Contingent consideration	(25)
Cash outflow on acquisition	**167**

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

The financial effects of the acquired business are set out below.

	AED m
Acquisition related costs	4
If the acquisition had taken place at the beginning of the year	
Revenue	145
Profit / (loss)	(3)

35. 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 funds and taking aircraft on leases to meet its growth plans. In 2020, Emirates achieved a return on Owner's equity funds of 3.5% (2019: 2.4%).

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 2020, this ratio is 381.2% (2019: 209.8%). The prior year value includes the impact of off-balance sheet leases. Effective 1 April 2019 with the adoption of IFRS 16, such leases have been captalised and the related lease liability is a part of 'Borrowings and lease liabilities' (Note 22).

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF DNATA

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of dnata and its subsidiaries (together referred to as "dnata") as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

dnata's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 March 2020;
- the consolidated statement of comprehensive income for the year ended 31 March 2020;
- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of changes in equity for the year ended 31 March 2020;
- the consolidated statement of cash flows for the year ended 31 March 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Key audit matter	• Impairment of goodwill

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

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

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Douglas O'Mahony, Rami Sarhan, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Impairment of goodwill As at 31 March 2020, the carrying value of goodwill was AED 1,934 million. Refer to notes 2, 3 and 11 to the consolidated financial statements. Goodwill is not subject to amortisation and, as a result, in accordance with IAS 36 "Impairment of assets" is required to be tested annually for impairment. The recoverable amount attributable to dnata's cash generating units to which goodwill is allocated, is determined as being the higher of the fair values of those cash generating units less costs of disposal and their values in use. The recoverable amount is compared to the carrying value of the cash generating units to which goodwill is allocated in order to assess whether an impairment exists. The value in use is determined by calculating the discounted cash flows of the cash generating units. The calculation of value in use incorporates key assumptions including expected revenue growth rates, profit margins, long term growth rates and discount rates. The impairment model prepared by management in respect of two cash generating units containing goodwill determined that an impairment was required which was recorded by management in the consolidated financial statements. The impairment models prepared by management for the remaining cash generating units determined that adequate headroom existed not to result in the need for an impairment charge under management's base case scenarios, being their most likely expected outturns. We focused on this area because the determination of whether an impairment loss should be recognised is inherently complex and required management to exercise significant judgement over the calculation of value in use.	We obtained an understanding of management's impairment models and key assumptions. We then tested these impairment models, in particular, with regard to the appropriateness of the key assumptions used within the models, as follows: • we utilised our internal valuation specialists to perform independent calculations of the discount rates, with particular reference to comparable companies and compared these to the discount rates used by management; • we agreed the base case cash flows used in management's impairment models to approved budgets, including management's assessment of the impact of the COVID-19 pandemic; • we compared future expected revenue growth rates and profit margins, used in the formally approved budgets and beyond the period of the formally approved budgets, to historical trends as well as future economic outlook and reviewed whether management's estimates made in prior periods were reasonable compared to actual performance; • using our professional judgement and a variety of available economic analyses we assessed whether management's forecast of the impact of COVID-19 on the cash generating units, including estimates of revenue, cost and the COVID-19 forecast time horizon were reasonable; • we compared the long term growth rates to external sources of information including economic forecasts; • we performed a sensitivity analysis over each of the significant assumptions within the value in use calculations and considered the appropriateness of the impairment charge recognised; and • we tested the mathematical accuracy of the models. We assessed whether the related disclosures in notes 2, 3 and 11 to the consolidated financial statements are consistent with the requirements of IFRS.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
7 May 2020

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 AED m	2019 AED m
Revenue	5	14,223	13,888
Other operating income		537	531
Net impairment loss on trade and other receivables	15	(139)	(67)
Operating costs	6	(14,114)	(13,074)
Operating profit		**507**	**1,278**
Finance income		162	143
Finance costs		(144)	(45)
Share of results of investments accounted for using the equity method	12	12	131
Profit before income tax		**537**	**1,507**
Income tax credit / (expense)	7	68	(26)
Profit for the year		**605**	**1,481**
Profit / (loss) attributable to non-controlling interests		(13)	36
Profit attributable to dnata's Owner		**618**	**1,445**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
Profit for the year	**605**	**1,481**
Items that will not be reclassified to the consolidated income statement		
Remeasurement of retirement benefit obligations - net of deferred tax	19	4
Share of other comprehensive income of investments accounted for using the equity method - net of deferred tax	2	-
Items that are or may be reclassified subsequently to the consolidated income statement		
Currency translation differences	(94)	(171)
Cash flow hedges	7	5
Net investment hedge	(3)	4
Share of other comprehensive income of investments accounted for using the equity method - net of deferred tax	(16)	-
Other comprehensive income for the year	**(85)**	**(158)**
Total comprehensive income for the year	**520**	**1,323**
Total comprehensive income attributable to non-controlling interests	(18)	22
Total comprehensive income attributable to dnata's Owner	**538**	**1,301**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020	2019
		AED m	AED m
ASSETS			
Non-current assets			
Property, plant and equipment	8	2,162	2,040
Right-of-use assets	9	1,963	-
Investment property	10	387	345
Intangible assets	11	2,785	3,039
Investments accounted for using the equity method	12	551	503
Advance lease rentals	13	-	45
Trade and other receivables	15	15	114
Deferred income tax assets	21	280	110
		8,143	**6,196**
Current assets			
Inventories	14	156	143
Trade and other receivables	15	3,018	3,611
Derivative financial instruments	25	15	-
Income tax assets		55	19
Short term bank deposits	24	3,700	3,121
Cash and cash equivalents	24	1,616	2,001
		8,560	**8,895**
Total assets		**16,703**	**15,091**

	Note	2020	2019
		AED m	AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	16	63	63
Capital reserve		(70)	(70)
Other reserves	17	(412)	(311)
Retained earnings		8,678	8,229
Attributable to dnata's Owner		**8,259**	**7,911**
Non-controlling interests		43	116
Total equity		**8,302**	**8,027**
Non-current liabilities			
Trade and other payables	18	211	198
Borrowings and lease liabilities	20	2,961	1,177
Provisions	19	682	598
Deferred income tax liabilities	21	255	153
		4,109	**2,126**
Current liabilities			
Trade and other payables	18	3,257	4,359
Borrowings and lease liabilities	20	957	432
Derivative financial instruments	25	-	11
Provisions	19	57	90
Income tax liabilities		21	46
		4,292	**4,938**
Total liabilities		**8,401**	**7,064**
Total equity and liabilities		**16,703**	**15,091**

The consolidated financial statements were approved on 7 May 2020 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Gary Chapman
President

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

		Attributable to dnata's Owner						
	Note	**Capital**	**Capital reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		AED m	AED m	AED m	AED m	AED m	AED m	AED m
1 April 2018		**63**	**(60)**	**(157)**	**7,257**	**7,103**	**179**	**7,282**
Impact on adoption of IFRS 9 (Notes 12 and 15)		-	-	-	(14)	(14)	-	(14)
Adjusted 1 April 2018		**63**	**(60)**	**(157)**	**7,243**	**7,089**	**179**	**7,268**
Profit for the year		-	-	-	1,445	1,445	36	1,481
Other comprehensive income for the year		-	-	(148)	4	(144)	(14)	(158)
Total comprehensive income for the year		**-**	**-**	**(148)**	**1,449**	**1,301**	**22**	**1,323**
Non-controlling interest on acquisition of subsidiaries	29	-	-	-	-	-	8	8
Acquired from non-controlling interest		-	42	-	31	73	(55)	18
Dividends		-	-	-	(500)	(500)	(38)	(538)
Option to acquire non-controlling interest		-	(52)	-	-	(52)	-	(52)
Transfer to retained earnings		-	-	(6)	6	-	-	-
Transactions with Owners		**-**	**(10)**	**(6)**	**(463)**	**(479)**	**(85)**	**(564)**
31 March 2019		**63**	**(70)**	**(311)**	**8,229**	**7,911**	**116**	**8,027**
Impact on adoption of IFRS 16 (Note 2)		-	-	-	(192)	(192)	(6)	(198)
Adjusted 1 April 2019		**63**	**(70)**	**(311)**	**8,037**	**7,719**	**110**	**7,829**
Profit / (loss) for the year		-	-	-	618	618	(13)	605
Other comprehensive income for the year		-	-	(101)	21	(80)	(5)	(85)
Total comprehensive income for the year		**-**	**-**	**(101)**	**639**	**538**	**(18)**	**520**
Acquired from non-controlling interest		-	-	-	2	2	(2)	-
Dividends		-	-	-	-	-	(47)	(47)
Transactions with Owners		**-**	**-**	**-**	**2**	**2**	**(49)**	**(47)**
31 March 2020		**63**	**(70)**	**(412)**	**8,678**	**8,259**	**43**	**8,302**

The capital reserve includes the fair value of the options issued by dnata to acquire the non-controlling interest in subsidiaries.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		AED m	AED m
Operating activities			
Profit before income tax		537	1,507
Adjustments for:			
Depreciation, amortisation and impairment	6	1,128	624
Finance income - net		(18)	(98)
Amortisation of advance lease rentals	13	-	4
Share of results of investments accounted for using the equity method	12	(12)	(131)
Gain on sale of investments accounted for using the equity method	12	(216)	(3)
Gain on sale of investment held for sale - net		-	(321)
Gain on fair value remeasurement of investments accounted for using the equity method	12	(38)	-
Bargain on acquisition of subsidiary	29	(11)	-
Net loss on disposals / write-offs of property, plant and equipment		3	1
Net provision for impairment of trade and other receivables	15	139	67
Provision for retirement benefit obligations	6	323	259
Net movement in derivative financial instruments		(26)	(7)
Payments of retirement benefit obligations		(287)	(220)
Income tax paid		-	(63)
Change in inventories		7	(7)
Change in advance lease rentals, trade and other receivables		256	(161)
Change in trade and other payables and other provisions		(392)	(34)
Net cash generated from operating activities		**1,393**	**1,417**

	Note	2020	2019
		AED m	AED m
Investing activities			
Additions to property, plant and equipment	8	(545)	(427)
Additions to investment property	10	(17)	(20)
Additions to intangible assets	11	(122)	(226)
Investments in associates and joint ventures	12	(117)	(26)
Dividends from investments accounted for using the equity method	12	64	67
Acquisition of subsidiaries, net of cash acquired	29	(18)	(480)
Proceeds from sale of property, plant and equipment		27	10
Proceeds from sale of investments accounted for using the equity method		186	18
Proceeds from sale of held for sale investment		-	412
Loans to related parties - net	27	94	-
Movement in short term bank deposits - over 3 months original maturity		(579)	639
Interest received		149	136
Acquired from non-controlling interest		-	(25)
Net cash (used in) / generated from investing activities		**(878)**	**78**
Financing activities			
Proceeds from term loans	20 (a)	412	613
Repayment of term loans	20 (a)	(298)	(156)
Principal element of lease payments (2019: Principal element of finance lease payments)		(337)	(16)
Interest paid		(129)	(46)
Dividend paid to dnata's Owner		(500)	(1,000)
Dividends paid to non-controlling interests		(47)	(38)
Net cash used in financing activities		**(899)**	**(643)**
Net change in cash and cash equivalents		**(384)**	**852**
Cash and cash equivalents at beginning of the year		1,906	1,112
Effects of exchange rate changes		(42)	(58)
Cash and cash equivalents at end of the year	24	**1,480**	**1,906**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

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

dnata is incorporated and domiciled in Dubai, UAE. The address of its registered office is Dnata Travel Centre, PO Box 1515, Dubai, UAE.

The main activities of dnata comprise:

- Ground and cargo handling services
- Inflight catering
- Travel 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 are set out below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretaions issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, except for those financial assets and liabilities (including derivative instruments) that are measured at fair value as stated in the accounting policies.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections being recorded globally. Measures taken to contain and slow the spread of the virus have significantly impacted global economic activity including limiting movements of people and restricting flights.

The worldwide aviation and travel markets have been significantly disrupted in the short term, this disruption is expected to be followed by a gradual recovery as travel restrictions are lifted. dnata's revenue will therefore be negatively impacted as a result of the outbreak.

dnata entered this crisis in a strong position, having previously reported profits for the past many years and an available cash balance of AED 5.3 bn as at 31 March 2020. dnata has taken various measures to manage the business through this crisis, including compensating cost saving measures, reductions to discretionary capital expenditure, availing support from governments where such support is available and securing additional external debt facilities.

Based on dnata's cash flow forecasts for the 12 month period following the approval of these financial statements dnata expects to have sufficient liquidity to meet its obligations and accordingly management has prepared the financial statements on a going concern basis.

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

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

At the date of authorisation of these consolidated financial statements, certain new standards, amendments to the existing standards and interpretations have become mandatory for the year ended 31 March 2020. Except for IFRS 16, as explained below, no other new standards, amendments or interpretations, whether effective or not, are expected to have a material impact on dnata.

IFRS 16, Leases

The new standard replaces IAS 17 and requires almost all leases to be recognised on the balance sheet by a lessee, as the distinction between operating and finance lease is removed. Under the new standard, an asset (right-of-use) and a financial liability to pay rentals is recognised. Leases are capitalised as right-of-use assets by recognising the present value of the lease payments, adjusted for prepayments, initial direct costs and restoration costs, and are depreciated over the lease term except in cases where the underlying asset will be acquired by the lessee at the end of the lease term, in which case the right-of-use asset is depreciated over the useful life of the asset. In respect of the consolidated income statement, the operating lease charge has been replaced with depreciation of right-of-use asset and interest on lease liability, resulting in total expense being higher in the earlier years of a lease and lower in later years.

In accordance with the transitional provisions of IFRS 16, dnata applied the new standard from 1 April 2019 ('transition date') by adopting the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings, and comparatives are not re-stated.

2. Summary of significant accounting policies (continued)

IFRS 16, Leases (continued)

Lease liabilities are measured at the present value of the remaining lease payments. The discount rate used to value the lease liability corresponds, for each lease portfolio, to dnata's incremental borrowing rate for similar assets as at the transition date. dnata chose on a lease-by-lease basis, to measure the right-of-use asset at either:

a.) its carrying amount as if the new rules had always been applied since the lease commencement date but discounted using dnata's incremental borrowing rate at the transition date i.e. the cumulative depreciation impact from the commencement date to the date of transition is reflected in the initial recognition of the right-of-use asset. This has been applied to a significant portfolio of dnata's leases primarily land and building; or

b.) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately prior to the date of transition. This measurement has been applied to a smaller portfolio of leases.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position and the related lease liabilities are included within 'Borrowings and lease liabilities' (Note 20 (b)).

On transition to IFRS 16, dnata applied the practical expedient and elected not to re-assess which contractual arrangements qualify as leases under IFRS 16. It applied the transition rules of IFRS 16 only to contracts that were previously identified as leases as per IAS 17 or IFRIC 4. The definition of a lease under IFRS 16 was applied to contracts entered into or changed on or after the transition date. Further, dnata has applied the following permitted practical expedients on a lease-by-lease basis:

- single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- the new lease measurement rules have not been applied to leases expiring within 12 months of the transition date and are accounted for as short term leases;
- initial direct costs associated with the lease have been excluded from the measurement of the right-of-use asset; and
- hindsight has been used in determining the lease term for contracts having extension/termination options.

The carrying amount of the right-of-use asset and lease liability as at transition date pertaining to leases previously classified as finance leases applying IAS 17 remains unchanged and these assets are now re-classified from 'property, plant and equipment' to right-of-use assets in the consolidated statement of financial position.

dnata has opted not to apply IFRS 16 to intangible assets.

Upon adoption of the new standard on 1 April 2019, dnata's consolidated statement of financial position has been impacted as follows:

	Note	**As reported 31 March 2019** AED m	**IFRS 16 adjustment** AED m	**Adjusted 1 April 2019** AED m
ASSETS				
Property, plant and equipment	8	2,040	(78)	1,962
Right-of-use asset	9	-	1,972	1,972
Investment property	10	345	41	386
Investments accounted for using the equity method	12	503	(47)	456
Advance lease rentals	13	48	(48)	-
Deferred tax assets	21	128	152	280
Trade and other receivables		3,725	16	3,741
Impact on assets			**2,008**	
EQUITY AND LIABILITIES				
EQUITY				
Retained earnings		7,911	(192)	7,719
Non-controlling interests		116	(6)	110
Impact on equity			**(198)**	
LIABILITIES				
Trade and other payables		4,557	(14)	4,543
Borrowings and lease liabilities	20	69	2,091	2,160
Deferred tax liabilities	21	171	129	300
Impact on liabilities			**2,206**	
Impact on equity and liabilities			**2,008**	

2. Summary of significant accounting policies (continued)

Basis of consolidation

The acquisition method of accounting is used to account for business combinations by dnata. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, liabilities acquired, fair value of any contingent consideration arrangements and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets, including intangible assets acquired, liabilities and contingent liabilities, if any, incurred or assumed in a business combination, are measured initially at their fair values at the acquisition date. Any non-controlling interest in the subsidiary is recognised on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of recognised amounts of subsidiaries' identifiable net assets.

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

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

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

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.

When dnata ceases to have control, any retained interest in the entity or business is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in the consolidated income statement. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity or business are accounted for as if the related assets or liabilities have been directly disposed off. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

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 entity, but is not control or joint control over those policies. Investments in associates are accounted for by applying the equity method and include goodwill (net of accumulated impairment loss, if any) identified on acquisition after initially being recorded at cost.

Joint ventures are contractual arrangements which establish joint control and where dnata has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for by applying the equity method and include goodwill (net of accumulated impairment loss, if any) identified on acquisition after initially being recognised at cost.

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

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.

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)

Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or services provided, stated net of discounts, returns and value added tax.

Revenue from airport operations which includes ground and cargo handling services is recognised on the performance of the related service obligation.

Revenue from travel services includes the sale of travel holiday packages and individual travel component bookings. Where dnata acts as principal in the arrangement, the total consideration received is treated as revenue and allocated to separate performance obligations based on relative stand-alone selling prices. The allocated revenue from such contracts is recognised on satisfaction of each performance obligation within a single contract with the customer. Where dnata acts as an agent between the service provider and the end customer, net commission is recognised as revenue on satisfaction of the performance obligation, i.e., on confirmation of the travel booking taking place.

Revenue from the sale of goods (including in-flight catering) is recognised when the control of goods is transferred to the customer.

Finance income and costs

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

Foreign currency translation

dnata's consolidated financial statements are presented in UAE Dirham ("AED"), which is also the entity's functional currency. Subsidiaries, associates and joint ventures determine their own functional currency related to the primary economic environment in which they operate.

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 resulting foreign exchange gains and losses, other than those on qualifying net investment hedges and net investment in foreign operations which are deferred in other comprehensive income, are recognised in the consolidated income statement.

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

Share of results and share of movement in other comprehensive income of investments accounted for using the equity method are translated into AED at average exchange rates whereas dnata's share of net investments is translated at the exchange rate prevailing at the end of the reporting period. Translation differences relating to investments in associates, joint ventures and monetary assets and liabilities that form part of a net investment in a foreign operation are recognised in other comprehensive income.

When investments in subsidiaries, associates, joint ventures or net investment in a foreign operation are disposed of, the related translation differences previously recorded in equity are then recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income.

Property, plant and equipment

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

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

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

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The estimated useful lives are:

Buildings	15 - 33 years
Leasehold property	shorter of useful life or lease term
Plant and machinery	4 - 15 years
Office equipment and furniture	3 - 6 years
Motor vehicles	5 -10 years

The assets' residual values and useful lives are reviewed at least annually, and adjusted if appropriate.

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 derecognition are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement.

Leases (applicable from 1 April 2019)

Right-of-use assets are capitalised at the commencement of the lease and recognised at cost, comprising of the present value of payments to be made to the lessor, any advance lease rentals made at inception, together with the initial direct costs incurred by dnata in respect of acquiring the lease and the present value of an estimate of costs to be incurred to meet the contractual lease-end restoration obligations less any lease incentives received.

For contracts which contain one or more lease components, the consideration in the contract has been allocated to each component on the basis of the relative stand-alone price of the component determined on the basis of estimated observable information.

Right-of-use assets are depreciated over the useful life or lease term (whichever is lower), unless the underlying lease contract provides an option to dnata to acquire the asset at the end of the lease term and it is highly certain for dnata to exercise that option. In such cases, the right-of-use asset is depreciated over the useful life in accordance with dnata's policies applicable to property, plant and equipment. Right-of-use assets held for generating rental income are classified under Investment property in the consolidated statement of financial position.

dnata uses two exemptions as permitted under IFRS 16 for not capitalising the leased asset i.e. short-term leases (with a lease term of 12 months or less) and lease contracts for which the value of the underlying asset is materially low (primarily comprising of office space and equipment). For these leases, the lease rental charges are recognised as an operating expense on a straight-line basis over the period of the lease.

At lease commencement date, lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, dnata's incremental borrowing rate for borrowing funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The future lease payments comprise of fixed payments, variable payments that are dependent on an index (e.g. LIBOR) less any lease incentives receivable. All other variable lease payments are charged to the consolidated income statement as and when due.

Subsequent changes resulting from reassessments or lease modifications that are not accounted for as separate leases (together referred as 'remeasurements') are accounted as adjustments to the carrying value of the lease liability and corresponding impact to the related right-of-use asset.

Sale and leaseback transactions are tested as sale under IFRS 15 at the date of the transaction, and if qualified as sale, the underlying asset is derecognised and a right-of-use asset with a corresponding liability is recognised equal to the retained interest in the asset. Any gain or loss is recognised immediately in the consolidated income statement for the interest in the asset transferred to the lessor. If the transaction does not qualify as sale under IFRS 15, a financial liability equal to the sale value is recognised in the consolidated financial statements as "Term Loans" under 'Borrowings and lease liabilities'.

Leases (applicable till 31 March 2019)

Where property, plant and equipment has been financed by lease agreements under which substantially all of the risks and rewards incidental to ownership are transferred to dnata, they are classified as finance leases.

Finance leases are capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The corresponding lease obligations are included under liabilities. Lease payments are treated as consisting of capital and interest elements. The interest element is charged to the consolidated income statement as finance costs over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Property, plant and equipment acquired under finance leases are depreciated in accordance with dnata's policies.

2. Summary of significant accounting policies (continued)

Leases (applicable till 31 March 2019) (continued)

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.

Investment property

Property held for long term rental yields or for capital appreciation or both, and not occupied by dnata, is classified as investment property.

Investment property comprises land and buildings. Investment property is measured initially at its cost, including related transaction costs. The carrying amount of an investment property includes the cost of replacing part of an existing investment property when incurred if the recognition criteria are met and excludes cost of day-to-day servicing.

Capital projects relate to buildings under construction and are stated at cost. When the asset is ready for its intended use, it is transferred from capital projects to buildings and depreciated in accordance with dnata's policies.

Investment property is measured at cost less accumulated depreciation. Land is not depreciated. Depreciation on buildings is charged on a straight line basis over the estimated useful life of 20 years.

The assets' useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Investment property also include right-of-use assets that meet the definition of investment property and is measured as per dnata's policies applicable to "Leases".

Goodwill

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

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

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

Other intangible assets

Intangible assets are 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.

Intangible assets acquired in a business combination are recognised at fair values on the acquisition date. Contractual rights also include licenses to operate in certain airports.

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

Computer software	3 - 7 years
Trade names	10 years
Customer relationships	3 - 15 years
Contractual rights	over the expected term of the rights

The intangible assets' useful lives are reviewed at least annually, and adjusted if appropriate.

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

2. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs (finance costs) directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation.

Impairment of non-financial assets

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

Financial assets

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

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. dnata applies the simplified approach which uses lifetime expected loss allowances to calculate the impairment provision on trade receivables. Specific loss allowances are also recognised when dnata become aware of a customer experiencing financial difficulty. Trade receivables are written off once management has determined that such amount will not be recovered.

Cash and cash equivalents

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

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.

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.

Retirement benefit obligations

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

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

A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields of high quality corporate bonds at the end of the reporting period that are denominated in currency in which the benefits will be paid and have terms approximating to the estimated term of the post-employment benefit obligations.

2. Summary of significant accounting policies (continued)

Retirement benefit obligations (continued)

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.

Other provisions

Provisions other than retirement benefit obligations 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. Such 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.

Income tax

The tax expense for the year comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where dnata's subsidiaries operate and generate taxable income.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by dnata and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Trade payables

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

Dividend distribution

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

Offsetting of financial assets and liabilities

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

Derecognition of financial assets and financial liabilities

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

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of the reporting period. Derivatives are mostly 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.

2. Summary of significant accounting policies (continued)

Derivative financial instruments (continued)

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

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

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

When a cash flow hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting under IFRS 9, any cumulative gain or loss existing in equity at that time is retained in equity and is ultimately recognised in the consolidated income statement when the forecasted transaction occurs. If a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The gain or loss on the ineffective portion is immediately recognised in the consolidated income statement.

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

3. Critical accounting estimates and judgements

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

Valuation of intangible assets on acquisition

For each acquisition, management assesses the fair value of intangible assets acquired. Where an active market does not exist to value an intangible asset, fair values are established using established valuation techniques that use estimates of future cash flows and the useful life related to the asset based on management's experience and expectation at the time of acquisition. Discount rates applied to future cash flows are also subject to judgement. Disclosure of the significant acquisitions undertaken by dnata is given in Note 29 to these consolidated financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units or group of cash generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and use a suitable discount rate in order to calculate present value. The estimates made in arriving at the value-in-use calculation and associated sensitivities are set out in Note 11.

Valuation of defined benefit obligations

The present value of the defined benefit obligations is determined on an actuarial basis using various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and expected salary increases which are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. A sensitivity analysis of changes in defined benefit obligations due to a reasonably possible change in these assumptions are set out in Note 19.

3. Critical accounting estimates and judgements (continued)

Leases

On adoption of IFRS 16 from 1 April 2019, while determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

To ascertain whether it is reasonably certain for dnata to exercise these options, the management takes into consideration any lease termination penalties that would be incurred, leasehold improvements that are estimated to have significant remaining value, historical lease durations and the cost associated to business disruption caused by replacing the leased asset.

4. Fair value estimation

The levels of fair value hierarchy are defined as follows:

Level 1: Measurement is made by using quoted prices (unadjusted) from 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 18.

5. Revenue

	2020 AED m	2019 AED m
Services		
International Airport Operations	3,940	3,997
Travel Services	3,537	3,678
UAE Airport Operations	3,171	3,223
Others	262	360
	10,910	**11,258**
Sale of goods		
Inflight Catering	3,106	2,444
Others	207	186
	3,313	**2,630**
	14,223	**13,888**

6. Operating costs

	2020 AED m	2019 AED m
Employee costs (see (a))	5,875	5,386
Direct costs		
- Travel Services	2,534	2,476
- Airport Operations	1,364	1,350
- Inflight Catering	1,352	1,070
- Others	32	67
Depreciation and amortisation (see (b))	853	459
Facilities related expenditure	501	788
Sales and marketing expenses	321	370
Information technology infrastructure costs	320	246
Impairment of intangible assets	193	78
Corporate overheads	769	784
	14,114	**13,074**

(a) Employee costs include AED 323 m (2019: AED 259 m) in respect of retirement benefit obligations (Note 19 (a)).

(b) Depreciation and amortisation of AED 82 m (2019: AED 87 m) is included under information technology infrastructure costs.

(c) Operating costs include expenses related to short-term leases of AED 65 m and low-value leases of AED 15 m.

7. Income tax expense

	2020 AED m	2019 AED m
Current income tax (credit) / expense	(3)	38
Deferred income tax credit	(65)	(12)
	(68)	**26**

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

	2020 AED m	2019 AED m
Profit before income tax	537	1,507
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**(66)**	**22**
Effect of non-deductible expenses	23	6
Effect of income exempt from tax	(32)	(7)
Re-measurement of deferred tax - effect of changes in tax rates	(2)	-
Effect of other items	9	5
Income tax (credit) / expense	**(68)**	**26**

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						
31 March 2019	**1,223**	**2,241**	**1,507**	**185**	**117**	**5,273**
Assets held under leases transferred to right-of-use assets (Note 9)	(6)	(95)	-	(15)	-	(116)
Adjusted 1 April 2019	**1,217**	**2,146**	**1,507**	**170**	**117**	**5,157**
Acquisitions (Note 29)	53	75	5	2	2	137
Additions	61	114	79	29	262	545
Transfer from capital projects	150	117	34	5	(306)	-
Disposals / write-offs	(4)	(56)	(82)	(14)	-	(156)
Currency translation differences	(65)	(87)	(2)	(1)	(4)	(159)
31 March 2020	**1,412**	**2,309**	**1,541**	**191**	**71**	**5,524**
Accumulated depreciation						
31 March 2019	**541**	**1,349**	**1,239**	**104**	**-**	**3,233**
Assets held under leases transferred to right-of-use assets (Note 9)	(2)	(29)	-	(7)	-	(38)
Adjusted 1 April 2019	**539**	**1,320**	**1,239**	**97**	**-**	**3,195**
Charge for the year	70	170	119	19	-	378
Disposals / write offs	(3)	(53)	(77)	(6)	-	(139)
Currency translation differences	(19)	(50)	(3)	-	-	(72)
31 March 2020	**587**	**1,387**	**1,278**	**110**	**-**	**3,362**
Net book amount at 31 March 2020	**825**	**922**	**263**	**81**	**71**	**2,162**

The net book amount of property, plant and equipment includes an amount of AED 7 m (2019: AED 22 m) in respect of assets provided as security against term loans.

Land of AED 37 m (2019: AED 20 m) is carried at cost and is not depreciated.

8. Property, plant and equipment (continued)

	Land, buildings and leasehold property AED m	Plant and machinery AED m	Office equipment and furniture AED m	Motor vehicles AED m	Capital projects AED m	Total AED m
Cost						
1 April 2018	**1,115**	**2,168**	**1,421**	**175**	**36**	**4,915**
Acquisitions	113	51	6	1	10	181
Additions	11	99	110	17	224	461
Transfer from capital projects	31	94	19	6	(150)	-
Disposals / write-offs	(7)	(90)	(24)	(9)	(1)	(131)
Currency translation differences	(40)	(81)	(25)	(5)	(2)	(153)
31 March 2019	**1,223**	**2,241**	**1,507**	**185**	**117**	**5,273**
Accumulated depreciation						
1 April 2018	**511**	**1,287**	**1,164**	**92**	**-**	**3,054**
Charge for the year	61	184	120	20	-	385
Disposals / write-offs	(6)	(84)	(23)	(8)	-	(121)
Currency translation differences	(25)	(38)	(22)	-	-	(85)
31 March 2019	**541**	**1,349**	**1,239**	**104**	**-**	**3,233**
Net book amount at 31 March 2019	**682**	**892**	**268**	**81**	**117**	**2,040**

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9. Right-of-use assets

	Land and buildings AED m	Plant and machinery AED m	Others AED m	Total AED m
Net book amount of right-of-use assets recognised on adoption of IFRS 16	**1,744**	**148**	**2**	**1,894**
Net book amount of assets held under leases transferred from property, plant and equipment (Note 8)	4	66	8	78
Net book amount at 1 April 2019 (Note 2)	**1,748**	**214**	**10**	**1,972**
Acquisitions (Note 29)	122	-	-	122
Additions	334	39	11	384
Remeasurements	(51)	1	-	(50)
Depreciation charge for the year	(300)	(44)	(5)	(349)
Lease terminations	(6)	(6)	(2)	(14)
Currency translation differences	(86)	(16)	-	(102)
Net book amount at 31 March 2020	**1,761**	**188**	**14**	**1,963**

Right-of-use assets primarily consist of airport infrastructure assets, ground support equipment and office space for commercial and administrative purposes.

10. Investment property

	Land	Buildings	Total
	AED m	AED m	AED m
Cost			
1 April 2018	**99**	**270**	**369**
Additions	-	20	20
31 March 2019	**99**	**290**	**389**
Accumulated depreciation			
1 April 2018	**-**	**31**	**31**
Charge for the year	-	13	13
31 March 2019	**-**	**44**	**44**
Net book amount at			
31 March 2019	**99**	**246**	**345**
Cost			
1 April 2019	**99**	**290**	**389**
Impact on adoption of IFRS 16 (Note 2)	-	52	52
Adjusted 1 April 2019	**99**	**342**	**441**
Additions	-	17	17
31 March 2020	**99**	**359**	**458**
Accumulated depreciation			
1 April 2019	**-**	**44**	**44**
Impact on adoption of IFRS 16 (Note 2)	-	11	11
Adjusted 1 April 2019	**-**	**55**	**55**
Charge for the year	-	16	16
31 March 2020	**-**	**71**	**71**
Net book amount at			
31 March 2020	**99**	**288**	**387**

Buildings include right-of-use assets with a net book amount of AED 39 m as at 31 March 2020. The remaining investment property is pledged as security against term loans (Note 20 (a)).

Investment property comprises rental property in Dubai. The fair value of investment property as at 31 March 2020 is AED 486 m (2019: AED 455 m), which was determined based on internal valuations as there is no active market for such properties. The fair value has been computed by discounting the contractual future lease rental income at a discount rate of 6% (2019: 6%) commensurate to the borrowing rate. These estimates are not based on observable market data and hence are classified under level 3 of the fair value hierarchy.

Revenue from rental income earned during the year amounting to AED 43 m (2019: AED 31 m) is recognised in the consolidated income statement as revenue from 'Services-Others'.

11. Intangible assets

	Goodwill AED m	Computer software AED m	Trade names AED m	Customer relationship AED m	Contractual rights AED m	Total AED m
Cost						
1 April 2018	**2,065**	**588**	**124**	**521**	**660**	**3,958**
Acquisitions	320	26	4	54	-	404
Additions	-	226	-	-	-	226
Disposals / write-offs	-	(1)	-	-	-	(1)
Currency translation differences	(119)	(10)	(10)	(18)	(33)	(190)
31 March 2019	**2,266**	**829**	**118**	**557**	**627**	**4,397**
Accumulated amortisation and impairment						
1 April 2018	**-**	**390**	**51**	**158**	**571**	**1,170**
Charge for the year	-	69	11	45	23	148
Impairment loss	66	-	-	12	-	78
Currency translation differences	-	(2)	(3)	(6)	(27)	(38)
31 March 2019	**66**	**457**	**59**	**209**	**567**	**1,358**
Net book amount at 31 March 2019	**2,200**	**372**	**59**	**348**	**60**	**3,039**
Cost						
1 April 2019	**2,266**	**829**	**118**	**557**	**627**	**4,397**
Acquisitions (Note 29)	-	4	-	108	18	130
Additions	-	122	-	-	-	122
Disposals / write-offs	-	(40)	-	-	-	(40)
Currency translation differences	(89)	(11)	(6)	(17)	(5)	(128)
Reclassification	(18)	-	-	18	-	-
31 March 2020	**2,159**	**904**	**112**	**666**	**640**	**4,481**
Accumulated amortisation and impairment						
1 April 2019	**66**	**457**	**59**	**209**	**567**	**1,358**
Charge for the year	-	115	11	47	19	192
Disposals / write-offs	-	(20)	-	-	-	(20)
Impairment loss	164	-	3	-	26	193
Currency translation differences	(5)	(7)	(4)	(8)	(3)	(27)
31 March 2020	**225**	**545**	**69**	**248**	**609**	**1,696**
Net book amount at 31 March 2020	**1,934**	**359**	**43**	**418**	**31**	**2,785**

Computer software includes an amount of AED 101 m (2019: AED 209 m) in respect of projects under implementation.

The carrying amounts of Travel Services - B2C CGU in the UK and Inflight Catering CGU in the US have been reduced to their recoverable amounts through recognition of impairment loss against goodwill. The loss is included in operating costs in the consolidated income statement.

11. Intangible assets (continued)

For the purpose of carrying out the impairment test of goodwill, the recoverable amounts for cash generating units or groups of cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three year period, adjusted for dnata's view of the impact of the COVID-19 outbreak on the results of the cash generating units. Cash flows beyond the three year period have been extrapolated using terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate, gross margins consistent with historical trends and growth rates based on management's expectations for market development. The terminal growth rate does not exceed the long term average growth rate for the markets in which the cash generating units or groups of cash generating units operate. The goodwill allocated to cash generating units or groups of cash generating units and the key assumptions used in the value-in-use calculations are as follows:

Cash generating unit / Group of cash generating units	Location	Goodwill 2020	Goodwill 2019	Discount rate	Terminal growth rate
		AED m	AED m	%	%
Airport operations	USA	308	308	9.0	2.0
Airport operations	Switzerland	259	250	8.5	2.5
Airport operations	Singapore	87	92	7.0	2.5
Airport operations	Netherlands	58	59	8.8	1.5
Airport operations	Brazil	35	43	16.0	2.5
Airport operations	Australia	23	26	10.0	2.5
Airport operations	Czech Republic	20	20	8.5	1.5
Inflight catering	Australia	276	316	9.0	1.5
Inflight catering	Romania	108	111	10.0	1.5
Inflight catering	Italy	118	120	8.0	1.5
Inflight catering	USA	16	40	8.0	1.5
Travel services - B2C	UK	308	461	9.0	1.5
Travel services - B2B	UK	145	153	9.0	1.5
Travel services	Germany	42	42	8.0	2.0
Others	Various	131	159	9.0 - 12.0	1.5 - 3.0
		1,934	**2,200**		

Goodwill pertaining to Airport Operations, USA includes AED 300 m (2019: AED 300 m) for Ground Services International Inc. / Metro Air Service Inc. and AED 8 m (2019: AED 8 m) for ALX Cargo Centre IAH LLC. The key assumptions used in the value-in-use calculations for both these cash generating units are similar.

The recoverable value of cash generating units or group of cash generating units would not fall materially below their carrying amount with a 1% reduction in the terminal growth rate or a 1% increase in the discount rate.

12. Investments in subsidiaries, associates and joint ventures

Principal subsidiaries

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
dnata Inc.	100	Ground handling services	Philippines
dnata Singapore Pte Ltd	100	Ground, cargo handling and catering services	Singapore
Dnata Switzerland AG	100	Ground and cargo handling services	Switzerland
dnata Limited	100	Ground and cargo handling services	United Kingdom
Alpha Flight Services Pty Ltd	100	Inflight catering services	Australia
Alpha In-Flight US LLC	100	Inflight catering services	United States of America
dnata srl	100	Inflight catering services	Italy
dnata Catering s.r.l.	64.2	Inflight catering services	Romania
dnata International Pvt Ltd	100	Travel agency	India
Travel Republic Limited	100	Online travel services	United Kingdom
En Route International Limited	100	Bakery and food solutions	United Kingdom
Gold Medal Travel Group Limited	100	Travel agency	United Kingdom
dnata Travel Inc	100	Travel services	Philippines
Travel 2 Limited	100	Travel agency	United Kingdom
Travelbag Limited	100	Travel agency	United Kingdom
The Global Travel Group Limited	100	Travel agency	United Kingdom
dnata Airport Services Pty Ltd	100	Ground and cargo handling services	Australia
dnata BV	100	Ground and cargo handling services	The Netherlands
RM Servicos Auxiliares de Transporte Aereo Ltda	70	Ground handling services	Brazil
Airport Handling SpA	70	Ground handling services	Italy
Airport Handling Services Australia Pty Ltd	100	Ground handling services	Australia
Transecure LLC	100	Investment property	United Arab Emirates
Ground Services International Inc.	100	Ground handling services	United States of America
Metro Air Service Inc.	100	Mail handling services	United States of America
ALX Cargo Centre IAH LLC	100	Cargo handling services	United States of America
Air Dispatch (CLC) s.r.o	95	Load control services	Czech Republic
Air Dispatch (CLC) Spolka z.o.o	95	Load control services	Poland
Oman United Agencies Travel LLC	76.9	Travel agency	Oman

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

		Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal subsidiaries (continued)				
Acquired during the previous year:				
Tropo GmbH		100	Travel services	Germany
BD4travel Limited		82.3	Travel technology services	Germany
121 Group International LLC		85	Inflight catering services	United States of America
Qantas Catering Group Ltd		100	Inflight catering services	Australia
Snap Fresh Pty Ltd		100	Inflight catering services	Australia
Acquired during the year:				
Dunya Travel LLC		100	Travel agency	United Arab Emirates
Alpha LSG Ltd		100	Inflight catering services	United Kingdom
Disposed during the year:				
dnata Travel (UK) Limited		100	Travel agency	United Kingdom

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

Principal associates				
Gerry's Dnata (Private) Ltd		50	Aircraft and cargo handling services	Pakistan
Guangzhou Baiyun International Airport Ground Handling Services Co. Ltd		20	Aircraft handling services	P. R. China
Disposed during the year:				
Canary Topco Ltd		9.1	Information technology services	United Kingdom
Principal joint ventures				
Super Bus Tourism LLC	(see (a) below)	75	Travel services	United Arab Emirates
dnata Travel Company Limited	(see (a) below)	70	Travel agency	Saudi Arabia
Transguard Group LLC		50	Security services	United Arab Emirates
Imagine Enterprises Limited	(see (a) below)	51	Travel agency	United Kingdom

(a) Although the percentage of equity owned in Super Bus Tourism LLC, dnata Travel Company Limited and Imagine Enterprises Limited is 75%, 70% and 51% respectively, they are subject to joint control.

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

Movement of investments accounted for using the equity method

	2020 AED m	2019 AED m
Balance brought forward	**503**	**473**
Impact on adoption of IFRS 9	-	(5)
Impact on adoption of IFRS 16	(47)	-
Adjusted 1 April 2019	**456**	**468**
Additions	117	26
Share of results	12	131
Share of other comprehensive income	2	-
Dividends	(64)	(67)
Disposals	19	(20)
Reclassification due to change in ownership interest	16	(23)
Currency translation differences	(7)	(12)
Balance carried forward	**551**	**503**

Change in the ownership interest of joint ventures

During the year, dnata acquired the remaining 50% interest in a joint venture, Dunya Travel LLC, to increase its shareholding to 100%. The step acquisition did not result in any significant fair value gain or loss.

dnata also acquired the remaining 50% interest in a joint venture, Alpha LSG Ltd, to increase its shareholding to 100%. The step acquisition resulted in a fair value remeasurement gain of AED 38 m, which is included in other operating income.

Disposal of an associate during the year

During the year, dnata sold its common and preference equity interest in an associate, Accelya Topco Ltd (previously known as Canary Topco Ltd) for a consideration of AED 260 m. A net gain of AED 216 m is included in other operating income.

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

	2020 AED m	2019 AED m
Share of results of associates	4	(5)
Share of total comprehensive income of associates	**4**	**(5)**
Aggregate carrying value of investments in associates	**29**	**13**

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

	2020 AED m	2019 AED m
Share of results of joint ventures	8	136
Share of other comprehensive income	2	-
Share of total comprehensive income of joint ventures	**10**	**136**
Aggregate carrying value of investments in joint ventures	**522**	**490**

13. Advance lease rentals

	2020 AED m	2019 AED m
Balance brought forward	**48**	**46**
Impact on adoption of IFRS 16 (Note 2)	(48)	-
Adjusted 1 April 2019	**-**	**46**
Additions during the year	-	6
Charge for the year	-	(4)
Balance carried forward	**-**	**48**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 15)	**-**	**3**
Over one year	**-**	**45**

14. Inventories

	2020 AED m	2019 AED m
Food and beverages	119	101
Spares and consumables	29	32
Other	8	10
	156	**143**

15. Trade and other receivables

	2020 AED m	2019 AED m
Trade receivables - net of provision	1,532	1,980
Prepayments	365	524
Related parties (Note 27)	362	424
Advance lease rentals (Note 13)	-	3
Deposits and other receivables	774	794
	3,033	**3,725**
Less: Receivables over one year	(15)	(114)
	3,018	**3,611**

dnata uses the lifetime expected loss allowance to measure the expected credit losses on its trade receivables. The impairment charge on trade receivables recognised in the consolidated income statement during the year primarily relates to travel agencies, airlines and other customers who are in difficult economic situations and are unable to meet their obligations. Amounts charged to the provision account are written off when there is no expectation of further recovery.

Expected credit losses for all financial assets within trade and other receivables are less than 1% as the balances are held with companies with high credit ratings and are short term in nature and no significant balances are overdue. These receivables are presented net of provision.

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

	2020 AED m	2019 AED m
Balance brought forward	**162**	**129**
Impact on adoption of IFRS 9	-	9
Adjusted 1 April 2019	**162**	**138**
Charge for the year	146	76
Unused amounts reversed	(7)	(9)
Amounts written off as uncollectible	(68)	(39)
Currency translation differences	(4)	(4)
Balance carried forward	**229**	**162**

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

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

	2020 AED m	2019 AED m
Below 3 months	1,163	943
3-6 months	128	167
Above 6 months	266	179
	1,557	**1,289**

For further details on credit risk management, refer to Note 28.

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16. Capital

Capital represents the permanent capital of dnata.

17. Other reserves

	Translation reserve AED m	Other AED m	Total AED m
1 April 2018	**(164)**	**7**	**(157)**
Currency translation differences	(197)	-	(197)
Net investment hedge (Note 20 (a))	4	-	4
Cash flow hedges	-	(1)	(1)
Transferred to consolidated income statement	40	6	46
Recognised in other comprehensive income	**(153)**	**5**	**(148)**
Transfer to retained earnings	-	(6)	(6)
31 March 2019	**(317)**	**6**	**(311)**
Currency translation differences	(89)	-	(89)
Net investment hedge (Note 20 (a))	(3)	-	(3)
Cash flow hedges	-	2	2
Transferred to consolidated income statement	-	5	5
Share of other comprehensive income of investments accounted for using the equity method, net of deferred tax	(16)	-	(16)
Recognised in other comprehensive income	**(108)**	**7**	**(101)**
31 March 2020	**(425)**	**13**	**(412)**

18. Trade and other payables

	2020 AED m	2019 AED m
Trade payables and accruals	2,702	2,763
Deferred revenue	393	847
Employee leave pay	200	229
Related parties (Note 27)	45	70
Customer advances	32	43
Dividend payable	-	500
Other payables	96	105
	3,468	**4,557**
Less: Payables over one year	(211)	(198)
	3,257	**4,359**

Revenue recognised during the year includes AED 797 m which was included in 'Deferred revenue' and 'Customer advances' as at 31 March 2019.

The payables over one year include the non current portion of deferred revenue, the acquisition related deferred / contingent consideration and the fair value of options issued to acquire additional interests in subsidiaries.

The movements in contingent consideration and options to acquire non-controlling interests is as follows:

	2020 AED m	2019 AED m
Balance brought forward	**69**	**17**
Interest charge	2	-
Remeasurement gain	(4)	-
Currency translation differences	(2)	-
Additions	-	52
Balance carried forward	**65**	**69**

19. Provisions

	2020 AED m	2019 AED m
Non-current		
Retirement benefit obligations (Note 19 (a))	595	582
Other provisions (Note 19 (b))	87	16
	682	**598**
Current		
Other provisions (Note 19 (b))	57	90
	57	**90**
	739	**688**

19 (a). 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 2020 in respect of retirement benefit obligations under relevant local regulations and contractual arrangements.

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

	2020 AED m	2019 AED m
Funded schemes		
Present value of defined benefit obligations	735	704
Less: Fair value of plan assets	(654)	(652)
	81	**52**
Unfunded schemes		
Present value of defined benefit obligations	**514**	**530**
Provision recognised in consolidated statement of financial position	**595**	**582**

Funded schemes

a) Parent company

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

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

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

	2020 AED m	2019 AED m
Present value of funded defined benefit obligations	138	143
Less: Fair value of plan assets	(137)	(142)
	1	**1**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 2.0% (2019: 3.0%) and a discount rate of 3.0% (2019: 3.8%) per annum. The present values of the defined benefit obligations at 31 March 2020 were computed using the actuarial assumptions set out above.

19 (a). Retirement benefit obligations (continued)

The liability of AED 1 m (2019: AED 1 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 that employee's plan assets at the end of the reporting period.

Contributions received include the transfer of accumulated benefits from unfunded schemes.

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

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

	2020 AED m	2019 AED m
Balance brought forward	**142**	**139**
Contributions received	21	20
Change in fair value	(14)	(1)
Benefits paid	(12)	(16)
Balance carried forward	**137**	**142**

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 contributions to an insurance policy.

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

	2020 AED m	2019 AED m
Present value of funded defined benefit obligations	241	254
Less: Fair value of plan assets	(186)	(216)
	55	**38**

The actuarial valuation for the Swiss plan included assumptions relating to the discount rate of 0.3% (2019: 0.8%) and expected salary increases of 1.0% (2019: 1.0%) per annum.

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

	2020 AED m	2019 AED m
Balance brought forward	**254**	**264**
Current service cost	15	14
Interest cost	1	2
Remeasurement loss / (gain)	18	(7)
Employee contributions	9	8
Benefits paid	(65)	(19)
Currency translation differences	9	(8)
Balance carried forward	**241**	**254**

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

	2020 AED m	2019 AED m
Balance brought forward	**216**	**208**
Expected return on plan assets	1	1
Remeasurement		
- Return on plan assets	6	15
Employer contributions	11	11
Employee contributions	9	8
Benefits paid	(65)	(19)
Currency translation differences	8	(8)
Balance carried forward	**186**	**216**

19 (a). 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:

	2020 AED m	2019 AED m
Present value of funded defined benefit obligations	356	307
Less: Fair value of plan assets	(331)	(294)
	25	**13**

The actuarial valuation for the Netherlands plan included assumptions relating to the discount rate of 1.1% (2019: 1.9%) and expected salary increases of 1.0% (2019: 1.0%) per annum.

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

	2020 AED m	2019 AED m
Balance brought forward	**307**	**328**
Current service cost	5	8
Interest cost	6	6
Remeasurement gain	48	-
Employee contributions	2	2
Benefits paid	(5)	(5)
Currency translation differences	(7)	(32)
Balance carried forward	**356**	**307**

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

	2020 AED m	2019 AED m
Balance brought forward	**294**	**314**
Expected return on plan assets	6	5
Remeasurement		
- Return on plan assets	43	2
Employer contributions	(2)	4
Employee contributions	2	2
Benefits paid	(5)	(5)
Currency translation differences	(7)	(28)
Balance carried forward	**331**	**294**

dnata expects to contribute, in respect of existing plan members of all its funded schemes, approximately AED 35 m during the year ending 31 March 2021.

Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme, defined benefit plans or other defined contribution plans follow relevant local regulations, which are mainly based on periods of cumulative service and levels of employees' final basic salary. The liability recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period.

The movement in the present value of defined benefit obligation is:

	2020 AED m	2019 AED m
Balance brought forward	**530**	**479**
Acquisitions	-	7
Current service cost	63	55
Interest cost	19	20
Remeasurement		
- changes in experience / demographic assumptions	(8)	(3)
- changes in financial assumptions	(21)	17
Payments made during the year	(67)	(43)
Currency translation differences	(2)	(2)
Balance carried forward	**514**	**530**

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

19 (a). Retirement benefit obligations (continued)

Defined contribution plans

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

The total amount recognised in the consolidated income statement in respect of all the plans is as follows:

	2020 AED m	2019 AED m
Defined benefit plans		
Funded schemes		
Contributions expensed	40	42
	40	**42**
Unfunded schemes		
Service cost	63	55
Interest cost	19	20
	82	**75**
Defined contribution plans		
Contributions expensed	**201**	**142**
Recognised in the consolidated income statement	**323**	**259**

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

Assumption	**Change**	**Effect on defined benefit obligation**	
		Subsidiaries AED m	**Parent** AED m
Discount rate	+ 0.5%	(52)	(23)
	- 0.5%	55	25
Expected salary increases	+ 0.5%	6	25
	- 0.5%	(6)	(21)

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

	2020 Years	2019 Years
Funded scheme - Swiss plan	16.5	16.5
Funded scheme - Netherlands plan	20.4	20.5
Unfunded scheme	9.7	13.7

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

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

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

19 (b). Other provisions

	2020 AED m	2019 AED m
Balance brought forward	**106**	**60**
Charge for the year	52	53
Acquisitions (Note 29)	42	49
Utilised during the year	(39)	(45)
Unutilised amounts reversed	(6)	(5)
Currency translation differences	(11)	(6)
Balance carried forward	**144**	**106**

Provisions are expected to be used as follows:

	2020 AED m	2019 AED m
Within one year (Note 19)	57	90
Over one year (Note 19)	87	16

20. Borrowings and lease liabilities

	2020 AED m	2019 AED m
Non-current		
Term loans (Note 20 (a))	1,129	1,125
Lease liabilities (Note 20 (b))	1,832	52
	2,961	**1,177**
Current		
Term loans (Note 20 (a))	416	320
Lease liabilities (Note 20 (b))	405	17
Bank overdrafts (Note 24)	136	95
	957	**432**
	3,918	**1,609**

Borrowings and lease liabilities are denominated in the following currencies:

	2020 AED m	2019 AED m
Pound Sterling	1,009	263
US Dollar	936	444
Australian Dollar	798	480
UAE Dirham	487	185
Euro	262	33
Singapore Dollar	156	50
Swiss Franc	149	107
Philippine Peso	32	-
Others	89	47

20 (a). Term loans

	2020 AED m	2019 AED m
Balance brought forward	**1,447**	**1,036**
Transferred to Lease liabilities (Note 20 (b))	(17)	-
Adjusted 1 April 2019	**1,430**	**1,036**
Acquisitions (Note 29)	68	9
Additions	412	613
Repayments	(298)	(156)
Currency translation differences	(65)	(55)
	1,547	**1,447**
Less: Transaction costs	(2)	(2)
Balance carried forward	**1,545**	**1,445**
Term loans are repayable as follows:		
Within one year	**416**	**320**
Between 2 and 5 years	1,075	1,019
After 5 years	54	106
Total over one year	**1,129**	**1,125**
Term loans are denominated in the following currencies:		
US Dollar	614	444
Australian Dollar	336	444
Pound Sterling	278	232
UAE Dirham	93	157
Swiss Franc	87	90
Singapore Dollar	48	50
Euro	72	25
Others	17	3

Contractual repricing dates are set at three to six month intervals. The average effective interest rate on the term loans was 3.0% (2019: 3.1%) per annum. The carrying amounts of the term loans approximate their fair values. The fair values are determined by discounting projected cash flows using the interest rate yield curve applicable to different maturities and currencies adjusted for credit spread and falls within level 2 of the fair value hierarchy.

The term loan in Swiss Franc is designated as a hedge of the net investment in dnata Switzerland AG. The foreign exchange movement on translation of the loan at the end of the reporting period is a loss of AED 3 m (2019: gain of AED 4 m), recognised in the translation reserve through other comprehensive income.

20 (b). Lease liabilities

	2020 AED m	2019 AED m
Balance brought forward	**69**	**51**
Impact on adoption of IFRS 16 (Note 2)	2,091	-
Transferred from Term loans (Note 20 (a))	17	-
Adjusted 1 April 2019	**2,177**	**51**
Acquisitions (Note 29)	188	3
Additions	384	34
Interest	82	-
Repayments	(414)	(16)
Remeasurement	(50)	-
Termination of contracts	(14)	-
Currency translation differences	(116)	(3)
Balance carried forward	**2,237**	**69**
Gross lease liabilities:		
Within one year	470	19
Between 2 and 5 years	1,170	39
After 5 years	974	19
	2,614	**77**
Future interest	(377)	(8)
Present value of lease liabilities	**2,237**	**69**
The present value of lease liabilities is repayable as follows:		
Within one year	**405**	**17**
Between 2 and 5 years	997	34
After 5 years	835	18
Total over one year	**1,832**	**52**
The present value of lease liabilities is denominated in the following currencies:		
Pound Sterling	710	1
Australian Dollar	443	36
UAE Dirham	366	-
US Dollar	322	3
Euro	180	-
Singapore Dollar	108	-
Philippine Peso	32	-
Swiss Franc	31	17
Others	45	12

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20 (b). Lease liabilities (continued)

Reconciliation of operating lease commitments applying IAS 17 to lease liabilities measured under IFRS 16 at 1 April 2019:

	AED m
Operating lease commitments disclosed as at 31 March 2019 applying IAS 17:	**2,428**
Less: Short-term leases	(131)
Less: Leases for which the underlying asset is of low value	(6)
Less: Leases which expire within 12 months of transition date and short-term lease practical expedient has been applied	(39)
Add: Adjustments as a result of a different treatment of extension and termination options under IFRS 16	253
	2,505
Discounted using dnata's incremental borrowing rate at 1 April 2019	2,091

The weighted average dnata's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position at 1 April 2019 is 4.2%.

21. 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:

	2020 AED m	**2019** AED m
Deferred income tax assets	280	110
Deferred income tax liabilities	(255)	(153)
	25	**(43)**
Movements in the deferred tax account are as follows:		
Balance brought forward	**(43)**	**(61)**
Impact on adoption of IFRS 16	23	-
Adjusted 1 April 2019	**(20)**	**(61)**
Acquisitions	(21)	9
Credited to the consolidated income statement	65	12
Currency translation differences	(3)	(3)
Others	4	-
Balance carried forward	**25**	**(43)**

21. Deferred income tax (continued)

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

Deferred income tax assets

	Tax losses	Provisions	Lease liabilities	Other	Total
	AED m	AED m	AED m	AED m	AED m
1 April 2018	**14**	**38**	**-**	**51**	**103**
Acquisition	-	-	-	32	32
(Charged) / credited to the consolidated income statement	(8)	12	-	2	6
Currency translation differences	(1)	(5)	-	(7)	(13)
Others	8	(5)	-	(3)	-
31 March 2019	**13**	**40**	**-**	**75**	**128**
Impact on adoption of IFRS 16	-	-	152	-	152
Adjusted 1 April 2019	**13**	**40**	**152**	**75**	**280**
Additions	-	-	6	-	6
(Charged) / credited to the consolidated income statement	30	2	(8)	11	35
Currency translation differences	(2)	(5)	(14)	(6)	(27)
Others	2	35	(1)	(26)	10
31 March 2020	**43**	**72**	**135**	**54**	**304**

21. Deferred income tax (continued)

Deferred income tax liabilities

	Property, plant and equipment	Intangible assets	Right-of-use assets	Other	Total
	AED m	AED m	AED m	AED m	AED m
1 April 2018	**(53)**	**(109)**	**-**	**(2)**	**(164)**
Acquisitions	-	(23)	-	-	(23)
Credited to the consolidated income statement	(9)	15	-	-	6
Currency translation differences	1	9	-	-	10
Others	2	(2)	-	-	-
31 March 2019	**(59)**	**(110)**	**-**	**(2)**	**(171)**
Impact on adoption of IFRS 16	-	-	(129)	-	(129)
Adjusted 1 April 2019	**(59)**	**(110)**	**(129)**	**(2)**	**(300)**
Acquisitions (Note 29)	-	(21)	-	-	(21)
Additions	-	-	(6)	-	(6)
(Charged) / credited to the consolidated income statement	(3)	22	10	1	30
Currency translation differences	-	10	13	1	24
Others	-	(4)	-	(2)	(6)
31 March 2020	**(62)**	**(103)**	**(112)**	**(2)**	**(279)**

22. Capital commitments

	2020 AED m	2019 AED m
dnata	126	657
Joint ventures	8	9
	134	**666**

23. Guarantees

	2020 AED m	2019 AED m
Guarantees and letters of credit provided by banks in the normal course of business	**414**	**442**

Guarantees and letters of credit include AED 41 m (2019: AED 53 m) provided by companies under common control on normal commercial terms.

24. Short term bank deposits, cash and cash equivalents

	2020 AED m	2019 AED m
Bank deposits	4,166	4,318
Cash and bank	1,150	804
Cash and bank balances	**5,316**	**5,122**
Less: Short term bank deposits - over 3 months original maturity	(3,700)	(3,121)
Cash and cash equivalents as per the consolidated statement of financial position	**1,616**	**2,001**
Bank overdrafts (Note 20)	(136)	(95)
Cash and cash equivalents as per the consolidated statement of cash flows	**1,480**	**1,906**

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 3.4% (2019: 3.3%) per annum.

25. Derivative financial instruments

	2020 AED m	2019 AED m
Current assets		
Currency swaps and forwards	15	-
	15	-
Current liabilities		
Currency swaps and forwards	-	11
	-	**11**

The notional principal amounts outstanding are:

	2020 AED m	2019 AED m
Currency contracts	1,595	902

26. Classification of financial instruments

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

	Financial assets at amortised cost	Derivative financial instruments	Assets and liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	AED m	AED m	AED m	AED m	AED m
2020					
Assets					
Trade and other receivables (excluding prepayments)	2,668	-	-	-	2,668
Derivative financial instruments	-	15	-	-	15
Short term bank deposits	3,700	-	-	-	3,700
Cash and cash equivalents	1,616	-	-	-	1,616
Total	**7,984**	**15**	**-**	**-**	**7,999**
Liabilities					
Borrowings and lease liabilities	-	-	-	3,918	3,918
Trade and other payables (excluding deferred revenue and customer advances)	-	-	65	2,978	3,043
Total	**-**	**-**	**65**	**6,896**	**6,961**
2019					
Assets					
Trade and other receivables (excluding prepayments and advance lease rentals)	3,198	-	-	-	3,198
Short term bank deposits	3,121	-	-	-	3,121
Cash and cash equivalents	2,001	-	-	-	2,001
Total	**8,320**	**-**	**-**	**-**	**8,320**
Liabilities					
Borrowings and lease liabilities	-	-	-	1,609	1,609
Trade and other payables (excluding deferred revenue and customer advances)	-	-	69	3,598	3,667
Derivative financial instruments	-	11	-	-	11
Total	**-**	**11**	**69**	**5,207**	**5,287**

Except as otherwise stated, the carrying amounts of financial assets and financial liabilities approximate their fair values and fall into level 3 of the fair value hierarchy.

27. Related party transactions and balances

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

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

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

	2020 AED m	2019 AED m
Trading transactions		
(i) Sale of goods and services		
Sale of goods - Companies under common control	363	424
Services rendered - Companies under common control	1,988	2,285
Services rendered - Joint ventures	72	55
Services rendered - Associates	12	15
	2,435	**2,779**
(ii) Purchase of goods and services		
Purchase of goods - Companies under common control	111	136
Services received - Companies under common control	541	586
Services received - Joint ventures	179	218
	831	**940**
Other transactions		
(i) Finance income		
Companies under common control	132	120
Joint ventures	2	3
	134	**123**
(ii) Finance cost		
Companies under common control	**-**	**1**
(iii) Compensation to key management personnel		
Salaries and short-term employee benefits	30	28
Retirement benefits	5	6
	35	**34**

Effective 31 March 2020, the beneficial ownership of Emirates Holidays and its subsidiaries were transferred to Emirates for consideration of AED 9 m which was equal to carrying value of assets and liabilities transferred.

dnata uses public utilities provided by number of Government controlled entities for its operations in Dubai, where these entities are the sole providers of the relevant services. This includes the supply of electricity, water and airport services. Transactions falling in these expense categories are individually insignificant and carried out on an arm's length basis.

	2020 AED m	2019 AED m
Year end balances		
(i) Receivables-sale of goods and services (Note 15)		
Companies under common control	314	237
Joint ventures	17	47
Associates	24	36
	355	**320**
(ii) Payables-purchase of goods and services (Note 18)		
Companies under common control	38	51
Joint ventures	7	16
Associates	-	3
	45	**70**
(iii) Borrowings		
Companies under common control	**67**	**157**
(iv) Loans - receivable (Note 15)		
Joint ventures	-	97
Associates	7	7
	7	**104**
Movements in the loans were as follows:		
Balance brought forward	**104**	**113**
Additions	12	7
Repayments	(106)	(7)
Currency translation differences	(3)	(9)
Balance carried forward	**7**	**104**
Receivable within one year	**7**	**8**
Receivable over one year	**-**	**96**

The loans earned average effective interest rate of 2.9% (2019: 3.0%) per annum.

28. Financial risk management

dnata is exposed to a variety of financial risks through 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 performance.

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. dnata uses derivative and non-derivative financial instruments to hedge certain risk exposures.

Risk management procedures are approved by a steering group comprising of senior management. The 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 lease liabilities and interest income on its bank deposits.

Borrowings obtained at variable rates expose dnata to cash flow interest rate risk. No hedging cover is obtained due to the stable interest rate environment that exists in the countries where the loans are contracted.

The key reference rates based on which interest costs are determined are USD LIBOR for United States Dollar, CHF LIBOR for Swiss Franc, GBP LIBOR for Pound Sterling, BBSY for Australian Dollar, EURIBOR for Euro and SIBOR for Singapore Dollar. A 25 basis point change in these interest rates would not have a significant impact on profit or equity.

Currency risk

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

dnata is exposed to the effects of fluctuations in prevailing foreign currency exchange rates on its long term debt obligations denominated in Swiss Franc, Euro, Pound Sterling, Singapore Dollar and Australian Dollar. Cash flows from the Switzerland, Italy, United Kingdom and Australian operations are adequate to meet the repayment schedules. A 1% change in exchange rate for these currencies would not have a significant impact on profit or equity. At the dnata parent level these liabilities provide a natural hedge to its foreign currency investments in these countries. Senior management monitors currency positions on a regular basis.

(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 4,299 m (Mar 2019: 3,591 m) of short term bank deposits and cash and bank balances are held with financial institutions in the UAE 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 certain customers.

28. 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 dnata's main banking relationships:

	2020 AED m	2019 AED m
AA- to AA+	292	288
A- to A+	4,532	3,780
BBB+	190	639
Lower than BBB+	293	404

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. dnata uses judgement in making these assumptions and selecting inputs to the impairment calculation based on past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. These judgements have been reassessed in the wake of the COVID-19 outbreak. As of 31 March 2020, the provision for impairment of trade and other receivables amounts to AED 229 m (2019: AED 162 m) and has been disclosed under Note 15.

While cash assets are also subject to the impairment requirements of IFRS 9, the identified loss allowance on these balances was immaterial.

(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 is 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.

dnata expects a significantly adverse impact on its liquidity due to the COVID-19 outbreak. Management has taken several steps in protecting cash flows through compensating cost saving measures, reductions to discretionary capital expenditure and agreeing additional working capital facilities.

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

	Less than 1 year AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
2020				
Borrowings and lease liabilities	1,058	2,298	1,030	4,386
Trade and other payables (excluding deferred revenue and customer advances)	2,947	96	-	3,043
	4,005	**2,394**	**1,030**	**7,429**
2019				
Borrowings and lease liabilities	480	1,144	129	1,753
Derivative financial instruments	11	-	-	11
Trade and other payables (excluding deferred revenue and customer advances)	3,562	105	-	3,667
	4,053	**1,249**	**129**	**5,431**

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29. Acquisitions

2020

Alpha LSG Limited

In March 2020 dnata through its wholly owned subsidiary Alpha Flight Group Limited acquired the remaining 50% equity stake in Alpha LSG Limited, subsequently renamed as dnata Catering UK Limited.

Dunya Travel LLC

In May 2019, dnata acquired the remaining 50% equity stake in Dunya Travel LLC, a travel agency business based in Abu Dhabi, UAE.

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

	Alpha LSG Limited	Dunya Travel LLC	Total
	AED m	AED m	AED m
Property, plant and equipment (Note 8)	137	-	137
Right-of-use assets (Note 9)	122	-	122
Intangible assets (Note 11)	130	-	130
Other current assets	146	46	192
Cash and cash equivalents	3	(11)	(8)
Deferred income tax liabilities (Note 21)	(21)	-	(21)
Borrowings and lease liabilities	(256)	-	(256)
Provisions (Note 19 (b))	(40)	(2)	(42)
Current liabilities	(195)	(17)	(212)
Fair value of net assets acquired	**26**	**16**	**42**
Bargain purchase	(10)	(1)	(11)
Total purchase consideration	**16**	**15**	**31**
Less: Cash and cash equivalents acquired	3	(11)	(8)
Less: Fair value of retained interest	13	8	21
Cash outflow on acquisition	**-**	**18**	**18**

29. Acquisitions (continued)

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

	Alpha LSG Limited	Dunya Travel LLC	Total
	AED m	AED m	AED m
Acquisition-related costs	2	-	2
Contribution from acquired businesses			
Revenue from acquisition date to 31 March 2020	-	14	14
Profit from acquisition date to 31 March 2020	-	3	3
If the acquisition had taken place at the beginning of the year			
Revenue	1,302	15	1,317
Profit / (loss)	(94)	3	(91)

2019

In the previous year, dnata acquired 100% ownership of Qantas Catering Group Ltd (subsequently renamed as dnata Catering Australia Subsidiary 1 Pty Ltd) and Snap Fresh Pty Ltd, 85% ownership of 121 Group International LLC (subsequently renamed as dnata Catering US LLC) and other smaller entities presented in Others.

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

	Qantas Catering	121 Group	Others	Total
	AED m	AED m	AED m	AED m
Fair value of net assets acquired	**185**	**13**	**80**	**278**
Less: Non-controlling interest	-	(5)	(3)	(8)
dnata's share of net assets acquired	**185**	**8**	**77**	**270**
Goodwill (Note 11)	193	41	86	320
Total purchase consideration	**378**	**49**	**163**	**590**
Less: Cash and cash equivalents acquired	-	-	(67)	(67)
Less: Fair value of retained interest	-	-	(40)	(40)
Less: Deferred consideration	-	-	(3)	(3)
Cash outflow on acquisition	**378**	**49**	**53**	**480**

30. 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 2020, dnata achieved a return on equity of 7.6% (2019: 19.2%).

EMIRATES TEN-YEAR OVERVIEW

Consolidated income statement		**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**
Revenue and other operating income	AED m	91,972	97,907	92,322	85,083	85,044	88,819	82,636	73,113	62,287	54,231
Operating costs	AED m	85,564	95,260	88,236	82,648	76,714	82,926	78,376	70,274	60,474	48,788
- of which jet fuel	AED m	26,260	30,768	24,715	20,968	19,731	28,690	30,685	27,855	24,292	16,820
- of which depreciation and amortisation	AED m	19,444	9,680	9,193	8,304	8,000	7,446	6,421	5,136	4,134	3,677
- of which employee costs	AED m	12,058	12,623	13,080	12,864	12,452	11,851	10,230	9,029	7,936	7,615
Operating profit	AED m	6,408	2,647	4,086	2,435	8,330	5,893	4,260	2,839	1,813	5,443
Profit attributable to the Owner	AED m	1,056	871	2,796	1,250	7,125	4,555	3,254	2,283	1,502	5,375
Consolidated statement of financial position											
Non-current assets	AED m	144,357	96,483	93,417	93,722	87,752	83,627	74,250	59,856	51,896	43,223
Current assets	AED m	27,705	30,915	34,170	27,836	31,427	27,735	27,354	34,947	25,190	21,867
- of which cash assets	AED m	20,249	17,037	20,420	15,668	19,988	16,885	16,561	24,572	15,587	13,973
Total assets	AED m	172,062	127,398	127,587	121,558	119,179	111,362	101,604	94,803	77,086	65,090
Total equity	AED m	23,587	37,743	37,046	35,094	32,405	28,286	25,471	23,032	21,466	20,813
- of which equity attributable to the Owner	AED m	22,978	37,149	36,454	34,508	31,909	27,886	25,176	22,762	21,224	20,606
Non-current liabilities	AED m	99,583	52,190	49,975	48,082	48,250	48,595	43,705	40,452	30,574	22,987
Current liabilities	AED m	48,892	37,465	40,566	38,382	38,524	34,481	32,428	31,319	25,046	21,290
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	22,798	10,528	14,134	10,425	14,105	13,265	12,649	12,814	8,107	11,004
Cash flow from investing activities	AED m	(10,231)	(1,360)	(10,977)	(3,129)	(2,361)	(6,411)	(4,257)	(15,061)	(10,566)	(5,092)
Cash flow from financing activities	AED m	(9,366)	(9,807)	(6,442)	(10,502)	(7,975)	(6,264)	(7,107)	1,240	(201)	(5,046)
Net change in cash and cash equivalents	AED m	3,201	(639)	(3,285)	(3,206)	3,769	590	1,285	(1,007)	(2,660)	866
Other financial data											
Net change in cash assets	AED m	3,212	(3,383)	4,752	(4,320)	3,103	324	(8,011)	8,985	1,614	3,462
EBITDAR	AED m	25,852	23,977	24,970	21,248	24,415	20,259	17,229	13,891	10,735	13,437
Borrowings and lease liabilities	AED m	110,157	53,039	51,101	51,002	50,105	47,808	42,431	40,525	30,880	23,230
Less: Cash assets	AED m	20,249	17,037	20,420	15,668	19,988	16,885	16,561	24,572	15,587	13,973
Net debt	AED m	89,908	36,002	30,681	35,334	30,117	30,923	25,870	15,953	15,293	9,257
Capital expenditure	AED m	11,870	13,437	8,496	12,632	16,723	19,873	21,142	13,378	13,644	12,238

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.
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EMIRATES TEN-YEAR OVERVIEW

Key Ratios		**2019-20**	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Operating margin	%	7.0	2.7	4.4	2.9	9.8	6.6	5.2	3.9	2.9	10.0
Profit margin	%	1.1	0.9	3.0	1.5	8.4	5.1	3.9	3.1	2.4	9.9
Return on shareholder's funds	%	3.5	2.4	7.9	3.8	23.8	17.2	13.6	10.4	7.2	28.4
EBITDAR margin	%	28.1	24.5	27.0	25.0	28.7	22.8	20.8	19.0	17.2	24.8
Cash assets to revenue and other operating income	%	22.0	17.4	22.1	18.4	23.5	19.0	20.0	33.6	25.0	25.8
Net debt to equity ratio	%	381.2	95.4	82.8	100.7	92.9	109.3	101.6	69.3	71.2	44.5
Net debt (incl. aircraft operating leases*) to equity ratio	%	381.2	209.8	216.4	237.9	215.9	212.1	209.9	186.4	162.1	127.6
Net debt (incl. aircraft operating leases*) to EBITDAR	%	347.8	330.3	321.0	392.9	286.5	296.2	310.3	309.1	324.1	197.6
Effective interest rate on borrowings and lease liabilities	%	4.6	4.0	3.2	3.0	3.1	3.3	3.2	3.1	3.0	2.7
Fixed to floating debt mix		69:31	65:35	72:28	75:25	92:8	85:15	94:6	90:10	89:11	89:11
Airline Operating Statistics											
Performance Indicators											
Yield	Fils per RTKM	222	219	213	204	218	245	250	249	251	232
Unit cost	Fils per ATKM	141	146	139	132	132	158	162	167	166	147
Unit cost excluding jet fuel	Fils per ATKM	96	97	98	97	97	102	97	99	97	95
Breakeven load factor	%	63.4	66.4	65.2	64.5	60.4	64.7	64.9	66.9	65.9	63.6
Fleet											
Aircraft	numbers	270	270	268	259	251	231	217	197	169	148
Average fleet age	months	81	73	68	63	74	75	74	72	77	77
Production											
Destination cities	number	157	158	157	156	153	144	142	133	123	112
Overall capacity	ATKM million	58,584	63,340	61,425	60,461	56,383	50,844	46,820	40,934	35,467	32,057
Available seat kilometres	ASKM million	367,153	390,775	377,060	368,102	333,726	295,740	271,133	236,645	200,687	182,757
Aircraft departures	number	189,081	203,281	201,858	204,543	199,754	181,843	176,039	159,892	142,129	133,772
Traffic											
Passengers carried	number '000	56,162	58,601	58,485	56,076	51,853	48,139	44,537	39,391	33,981	31,422
Passenger seat kilometres	RPKM million	288,148	299,967	292,221	276,608	255,176	235,498	215,353	188,618	160,446	146,134
Passenger seat factor	%	78.5	76.8	77.5	75.1	76.5	79.6	79.4	79.7	80.0	80.0
Cargo carried	tonnes '000	2,389	2,659	2,623	2,577	2,509	2,377	2,250	2,086	1,796	1,767
Overall load carried	RTKM million	39,505	42,304	41,250	39,296	36,931	34,207	31,137	27,621	23,672	22,078
Overall load factor	%	67.4	66.8	67.2	65.0	65.5	67.3	66.5	67.5	66.7	68.9
Employee											
Average employee strength-EK	number	59,519	60,282	62,356	64,768	61,205	56,725	52,516	47,678	42,422	38,797
Average employee strength-airline	number	47,421	47,808	49,740	51,628	48,023	44,571	41,471	38,067	33,634	30,258
Revenue per airline employee	AED '000	1,873	1,975	1,784	1,580	1,717	1,939	1,938	1,868	1,796	1,738

*pertains to year 2018-19 and earlier. From 1 April 2019, with the adoption of IFRS 16, applicable off-balance sheet leases have been capitalised on the consolidated statement of financial position and related lease liability is included in net debt.

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DNATA TEN-YEAR OVERVIEW

Consolidated income statement		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Revenue and other operating income	AED m	14,760	14,419	13,074	12,182	10,630	9,160	7,565	6,622	5,755	4,406
Operating costs*	AED m	14,253	13,141	11,878	10,958	9,569	8,155	6,702	5,807	4,971	3,906
- of which employee costs	AED m	5,875	5,386	5,055	4,654	3,847	3,351	3,251	2,771	2,488	2,032
- of which travel services direct costs	AED m	2,534	2,476	2,135	1,913	1,951	1,458	84	n/a	n/a	n/a
- of which airport operations direct costs	AED m	1,364	1,350	1,293	1,138	949	824	883	798	699	582
- of which inflight catering direct cost	AED m	1,352	1,070	843	794	715	735	663	601	451	241
Operating profit	AED m	507	1,278	1,196	1,224	1,061	1,005	863	815	784	500
Profit attributable to the Owner	AED m	618	1,445	1,317	1,210	1,054	906	829	819	808	576
Consolidated statement of financial position											
Non-current assets	AED m	8,143	6,196	5,718	5,372	4,590	4,219	4,364	3,594	3,759	3,072
Current assets	AED m	8,560	8,895	8,574	6,675	6,388	5,427	4,303	3,977	3,360	3,328
- of which cash assets	AED m	5,316	5,122	4,945	3,398	3,465	3,148	2,434	2,396	1,999	2,083
Total assets	AED m	16,703	15,091	14,292	12,047	10,978	9,646	8,667	7,571	7,119	6,400
Total equity	AED m	8,302	8,027	7,282	6,706	5,554	4,853	4,756	4,097	3,683	3,282
- of which equity attributable to the Owner	AED m	8,259	7,911	7,103	6,539	5,387	4,788	4,674	4,028	3,614	3,209
Non-current liabilities	AED m	4,109	2,126	1,734	1,542	1,362	1,213	1,386	1,351	1,275	1,115
Current liabilities	AED m	4,292	4,938	5,276	3,799	4,062	3,580	2,525	2,123	2,161	2,003
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	1,393	1,417	1,858	1,281	1,390	1,058	1,125	1,162	1,167	901
Cash flow from investing activities	AED m	(878)	78	(2,157)	(961)	(1,076)	(697)	316	(1,910)	(431)	(1,333)
Cash flow from financing activities	AED m	(899)	(643)	78	(146)	(496)	(344)	(443)	(343)	(718)	(96)
Net change in cash and cash equivalents	AED m	(384)	852	(221)	174	(182)	17	998	(1,091)	18	(528)
Other financial data											
Cash assets	AED m	5,316	5,122	4,945	3,398	3,465	3,148	2,434	2,396	1,999	2,083

* includes net impairment loss on trade and other receivables.

Notes :
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DNATA TEN-YEAR OVERVIEW

Key ratios		**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**
Operating margin	%	3.4	8.9	9.1	10.0	10.0	11.0	11.4	12.3	13.6	11.3
Profit margin	%	4.2	10.0	10.1	9.9	9.9	9.9	11.0	12.4	14.0	13.1
Return on shareholder's funds	%	7.6	19.2	19.3	20.3	20.7	19.2	19.1	21.4	23.7	18.0
Employee											
Average employee strength	number	46,211	45,004	41,007	40,978	34,117	27,428	22,980	20,229	18,356	17,971
Revenue per employee	AED '000	319	320	319	297	333	399	356	327	322	323
Performance Indicators											
Airport											
Aircraft handled	number	680,867	698,739	659,591	623,611	389,412	298,298	288,335	264,950	253,434	232,585
Cargo handled	tonnes '000	2,929	3,091	3,083	2,844	2,056	1,671	1,604	1,570	1,543	1,494
Catering											
Meals uplifted	number '000	93,492	70,889	55,718	60,747	57,062	57,687	41,275	28,584	26,708	11,743
Travel services											
Total transaction value (TTV)	AED m	10,751	11,459	11,281	10,687	11,747	9,782	5,892	5,357	2,630	1,610

Notes :
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GROUP TEN-YEAR OVERVIEW

Financial highlights		**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**
Revenue and other operating income*	AED m	104,002	109,255	102,409	94,706	92,896	96,053	87,766	77,536	66,149	57,224
Operating costs*	AED m	97,087	105,330	97,127	91,047	83,505	89,155	82,643	73,882	63,552	51,281
Operating profit	AED m	6,915	3,925	5,282	3,659	9,391	6,898	5,123	3,654	2,597	5,943
Operating margin	%	6.6	3.6	5.2	3.9	10.1	7.2	5.8	4.7	3.9	10.4
Profit attributable to the Owner	AED m	1,674	2,316	4,113	2,460	8,179	5,461	4,083	3,102	2,310	5,951
Profit margin	%	1.6	2.1	4.0	2.6	8.8	5.7	4.7	4.0	3.5	10.4
Dividend to the Owner	AED m	-	500	2,000	-	2,500	2,569	1,026	1,000	850	2,208
Financial position											
Total assets**	AED m	188,461	142,267	141,625	133,281	129,989	120,886	110,100	102,188	84,127	71,402
Cash assets	AED m	25,565	22,159	25,365	19,066	23,453	20,033	18,995	26,968	17,586	16,056
Employee data											
Average employee strength	number	105,730	105,286	103,363	105,746	95,322	84,153	75,496	67,907	60,778	56,768

* after eliminating inter company income/expense of the year.
** after eliminating inter company receivables/payables as at year end.

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GROUP COMPANIES OF EMIRATES

Air transportation related services

Emirates

- 100% Dnata Travel (UK) Limited
  - 100% DN Travel ApS (Denmark)
  - 100% DS Travel GmbH (Germany)
  - 100% Emirates Vacations LLC (United States)
- 100% The High Street LLC (UAE)
- 100% Transguard Aviation Security LLC (UAE)
- 50% Emirates - CAE Flight Training LLC (UAE)
- 50% CAE Middle East Pilot Services LLC (UAE)

Catering services

Emirates

- 90% Emirates Flight Catering Co. (LLC) (UAE)
  - 65% Emirates Cuisine Solutions LLC (UAE)
  - 60% Emirates Crop One (LLC) (UAE)

Consumer goods

Emirates

- 100% Maritime and Mercantile International (Holding LLC) (UAE)
  - 100% MMI Tanzania PVT Ltd
  - 100% Queen OS Trading FZE (UAE)
  - 90.8% Prembev International FZE (UAE)
    - 100% Brand 2 Consumer (Pty) Ltd (South Africa)
  - 90% Seyvine Ltd (Seychelles)
  - 68.7% Maritime and Mercantile International LLC (UAE)
    - 100% Duty Free Dubai Ports FZE (UAE)
    - 100% Harts International LLC (UAE)
      - 100% Golden Globe (BVI) Ltd
        - 50% Arabian Harts International Ltd (BVI)*
    - 100% Harts International Retailers (Middle East) FZE (UAE)
    - 100% Maritime and Mercantile International FZE (UAE)
    - 70% Oman United Agencies LLC
      - 92.5% Sohar Catering & Supplies Co. LLC (Oman)
      - 67.1% Onas Trading LLC (Oman)
    - 50% Sirocco FZCO (UAE)
    - 49% Fujairah Maritime and Mercantile International LLC (UAE)
  - 50% Focus Brands Ltd (BVI)
  - 50% Lanka Premium Beverage PVT Limited (Sri Lanka)
  - 49% Independent Wine & Spirit (Thailand) Co. Ltd
  - 40% Cooperhouse Asia Pte. Ltd (Singapore)
  - 40% Diamond Wines & Spirits PTE. Ltd (Singapore)
  - 40% Platinum Wines & Spirits Pte. Ltd (Singapore)
  - 40% Royalton Wine & Spirits Private Ltd (Singapore)
  - 40% Titanium International Wines & Spirits PTE. Ltd (Singapore)
  - 15% Savero Distributors Ltd (Cyprus)

Hotel operations, food and beverage operations and others

Emirates

- 100% Emirates Hotels (Australia) Pty Ltd
- 100% Emirates Hotel LLC (UAE)
- 100% Emirates Land Development Services LLC (UAE)
- 100% Emirates Leisure Retail (Holding) LLC (UAE)
  - 100% Air Ventures Holding, Inc. (USA)
    - 75% Air Ventures, LLC (USA)
      - 100% Air Ventures LGA, LLC (USA)
  - 100% Emirates Leisure Retail (Australia) Pty Ltd
    - 100% ELRA Properties Pty Ltd (Australia)
    - 100% Hudcom Pty Ltd (Australia)
    - 100% Hudsons Adelaide Airport Pty Ltd (Australia)
    - 100% Hudsons Airport Launceston Pty Ltd (Australia)
    - 100% Hudsons Albury Pty Ltd (Australia)
    - 100% Hudsons Bendigo Pty Ltd (Australia)
    - 100% Hudsons Bourke Spring Pty Ltd (Australia)
    - 100% Hudsons Elizabeth (Melb) Pty Ltd (Australia)
    - 100% Hudsons Epworth Richmond Pty Ltd (Australia)
    - 100% Hudsons Gawler Pty Ltd (Australia)
    - 100% Hudsons George (Bris) Pty Ltd (Australia)
    - 100% Hudsons Grenfell Currie Pty Ltd (Australia)
    - 100% Hudsons Hospital Australia Pty Ltd (Australia)
    - 100% Hudsons Hospitals Nth Adelaide Pty Ltd (Australia)
    - 100% Hudsons Hospitals S.A. Pty Ltd (Australia)
    - 100% Hudsons Hospitals Victoria Pty Ltd (Australia)
    - 100% Hudsons King William Pty Ltd (Australia)
    - 100% Hudsons Launceston Pty Ltd (Australia)
    - 100% Hudsons Little Collins Flinders Pty Ltd (Australia)
    - 100% Hudsons Liverpool Pty Ltd (Australia)
    - 100% Hudsons Murray Pty Ltd (Australia)
    - 100% Hudsons Shepparton Pty Ltd (Australia)
    - 100% Hudsons WA Airports Pty Ltd (Australia)
    - 100% Hudsons William Pty Ltd (Australia)
  - 100% Emirates Leisure Retail (Singapore) Pte Ltd
  - 100% Emirates Leisure Retail (New Zealand) Pte Ltd
  - 68.7% Emirates Leisure Retail LLC (UAE)
- 51% Premier Inn Hotels LLC (UAE)

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.
*Country of principal operations is UAE.

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Airport Operations

dnata

- 100% Dnata Aviation Services Limited (UK)
  - 100% Airline Cleaning Services Pty Ltd (Australia)
  - 100% dnata Aviation Services Canada Limited
    - 50% G.T.A. Dnata Ground Handling Limited (Canada)
    - 50% G.T.A. Dnata Ground Handling YVR Limited (Canada)
    - 50% G.T.A. Dnata World Cargo Limited (Canada)
  - 100% dnata Aviation Services US Inc. (USA)
    - 100% ALX Cargo Centre IAH LLC (USA)
    - 100% dnata Aviation USA Inc.
    - 100% Ground Services International Inc. (USA)
    - 100% Metro Air Service Inc. (USA)
  - 100% dnata BV (The Netherlands)
    - 100% dnata NV (Belgium)
  - 100% dnata Limited (UK)
    - 100% dnata Cargo Limited (UK)
    - 100% dnata Ground Limited (UK)
    - 35.7% Airports Bureau Systems Ltd (UK)
  - 100% dnata Pty Ltd (Australia)
    - 100% dnata Airport Services Pty Ltd. (Australia)
    - 100% Airport Handling Services Australia Pty Ltd
  - 100% Dnata Switzerland AG
    - 30% GVAssistance SA (Switzerland)
  - 70% Airport Handling SpA (Italy)
  - 70% RM Servicos Auxilliares de Transporte Aereo Ltda (Brazil)
- 100% dnata, Inc. (Philippines)
  - 100% dnata Clark Inc. (Philippines)
- 100% Dnata International Airport Services Pte Ltd (Singapore)
  - 100% CIAS International Pte Ltd (Singapore)
    - 100% dnata Singapore Pte Ltd (Singapore)*
      - 20% Guangzhou Baiyun International Airport Ground Handling Services Co. Ltd (P. R. China)
- 100% Dubai Express LLC (UAE)
- 100% Freightworks Logistics LLC (UAE)
- 95% Air Dispatch (CLC) s.r.o. (Czech Republic)
  - 100% Air Dispatch (CLC) Spolka z.o.o. (Poland)
- 80% Dnata Airport Services Kurdistan (Cayman Islands)
  - 100% Dnata for Airport Services Ltd (Kurdistan, Iraq)
- 70% Dubz Holding Limited (BVI)
  - 100% Delivering Your Bags Passenger Luggage Delivery LLC (UAE)
- 51% Bolloré Logistics LLC (UAE)
- 51% Dnata PW Airport Logistics LLC (UAE)
- 50% Gerry's Dnata (Private) Ltd (Pakistan)

Catering

dnata

- 100% Dnata Catering Services Limited (UK)
  - 100% Alpha Flight Group Limited (UK)
    - 100% Alpha Flight Services Pty Ltd (Australia)
      - 100% Alpha ATS Pty Ltd (Australia)
      - 100% dnata Catering Australia Subsidiary 2 Pty Ltd [1]
        - 100% dnata Catering Australia Subsidiary 1 Pty Ltd [2]
      - 100% Snap Fresh Pty Ltd (Australia)
    - 100% Alpha Flight US, Inc.
      - 100% Alpha In flight US, LLC
      - 85% dnata Catering US, LLC (USA)
        - 100% 121 Group Holdings LLC (USA)
          - 100% 121 at BNA LLC (USA)
          - 100% 121 at Oxford LLC (USA)
          - 100% dnata US Inflight Catering LLC (USA)
          - 100% North Salem Deli LLC (USA)
    - 100% Dnata Catering Canada Limited
    - 100% dnata Catering Ireland Ltd
    - 100% dnata Catering UK Limited (England) [3]
      - 100% Alpha Flight UK Ltd
    - 100% dnata s.r.l (Italy)
    - 80% Alpha Flight a.s. (Czech Republic)
    - 64.2% dnata Catering SRL (Romania)
    - 49% Alpha Flight Services UAE LLC
    - 35.9% Jordan Flight Catering Company Ltd
    - 28.7% Silver Wings OOD (Bulgaria)
      - 99.2% Consortium Alpha DZZD (Bulgaria)
  - 100% En Route International Limited (UK)
    - 100% En Route Belgium NV
    - 100% En Route International Australia Pty, Ltd
    - 100% En Route International General Trading LLC (UAE)
    - 100% En Route International Limited (Hong Kong)
    - 100% En Route International South Africa (Pty) Ltd
    - 100% En Route International USA, Inc.

[1] Previously Qantas Catering Group Limited
[2] Previously Q Catering Limited
[3] Previously Alpha LSG Ltd

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The country of incorporation is same as country of principal operations.
* Also provides catering services.

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Travel services

dnata / dnata World Travel

- 100% Cleopatra International Travel WLL (Bahrain)
- 100% Destination Asia Limited (UAE)
  - 100% Destination Asia (Singapore) Pte Limited
  - 29% Destination Asia Destination Management Sdn Bhd (Malaysia)
  - 25% Destination Asia Japan Limited
  - 25% Destination Asia Ltd (Hong Kong)
  - 25% Destination Asia (Thailand) Limited
  - 25% Destination Asia (Vietnam) Limited
  - 25% Destination Group Asia (Hong Kong) Limited
  - 25% DMC Management Asia Services Limited (Hong Kong)
  - 25% PT Destination Asia (Indonesia)
- 100% dnata International Private Ltd (India)
  - 100% dnata Marketing Services Pvt Ltd (India)
- 100% dnata Travel and Tourism WLL (Bahrain)
- 100% dnata Travel Holdings UK Limited
  - 100% Airline Network Limited (UK)
  - 100% Gold Medal International Limited (UK)
  - 100% Gold Medal Travel Group Ltd (UK)
    - 100% Gold Medal Transport Ltd (UK)
  - 100% Personalised Travel Services Limited (UK)
  - 100% Stella Global UK Limited
  - 100% Stella Travel Services (UK) Limited
  - 100% Sunmaster Limited (UK)
  - 100% The Global Travel Group Limited (UK)
  - 100% Travel 2 Limited (UK)
  - 100% Travelbag Limited (UK)
  - 100% Travel Republic Ltd (UK)
  - 82.28% BD4 Travel Limited (UK)
    - 100% BD4 GmbH (Germany)
  - 14.29% Travel Technology Initiative Limited (UK)
- 100% Destination Asia LLC
- 100% dnata Travel Inc. (Philippines)
- 100% dnata World Travel Limited (UK)
  - 100% Travel Technology Investments Limited (UK)
    - 100% Travel Republic Holdings Limited (UK)
- 100% dnata d.o.o. Beograd (Serbia)
- 100% Maritime and Mercantile International Travel LLC (UAE)
  - 76.9% Oman United Agencies Travel LLC
    - 100% Sama Travel & Services International LLC (Oman)
    - 50% Moon Travel LLC (Oman)
- 100% Dunya Travel LLC (UAE)
  - 100% Dunya Air Services LLC (UAE)
- 100% Najm Travel LLC (UAE)*
- 100% Travel Partners LLC (UAE)
  - 100% Travel Partners Iberian, Sociedad Limitada (Spain)
  - 100% Travel Partners (London) Limited (UK)
- 100% Tropo GmbH (Germany)
- 75% Super Bus Tourism LLC (UAE)
- 70% dnata Travel Company Limited (Saudi Arabia)
  - 100% dnata Aviation Services Company Limited (Saudi Arabia)
- 60% Priohub LLC (UAE)
- 51% Imagine Enterprises Limited (UK)
  - 100% Imagine Cruising GmbH (Germany)
  - 100% Imagine Cruising Limited (UK)
    - 100% Imagine Transport Limited (UK)
  - 100% Imagine Cruising Pty Ltd (Australia)
  - 100% Imagine Cruising (Pty) Ltd (South Africa)
  - 100% Imagine Cruising (WA) Pty Ltd (Australia)
- 50% G Travel International LLC (UAE)
- 50% Najm Travels LLC (Afghanistan)
- 50% Travel Counsellors LLC (UAE)

Others

dnata

- 100% Plafond Fit Out LLC (UAE)
- 100% Transecure LLC (UAE)
- 50% Transguard Group LLC (UAE)
  - 100% CASS International General Trading LLC (UAE)
  - 50% Transguard Cash LLC (UAE)
    - 100% Transguard Cash Services LLC (UAE)
  - 100% Transguard Group International LLC (UAE)
    - 100% Transguard Group Cash KSA LLC (UAE)
    - 51% Transguard Group International LLC (Oman)

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.
*Country of principal operations is Iraq.

GLOSSARY

A

Acquisitions – The sum of purchase consideration for acquisition of subsidiaries and investments made in associates and joint ventures.

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

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

B

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

C

Capacity – see ATKM

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

Capitalised value of aircraft operating lease costs – 60% of future minimum lease payments for aircraft on operating lease (applicable to financial years 2018-19 and before). From 1 April 2019, with the adoption of IFRS 16, the related lease liabilities are included in net debt.

Cash assets – The sum of short term bank deposits and cash and cash equivalents.

D

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

E

EBITDAR – Operating profit before depreciation, amortisation and aircraft operating lease rentals.

EBITDAR margin – EBITDAR expressed as a percentage of the sum of revenue and other operating income.

Equity ratio – Total equity divided by total assets.

F

Fixed to floating debt mix – Ratio of fixed rate debt to floating rate debt. The ratio is based on net debt (including aircraft operating leases for financial years 2018-19 and before).

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

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

FTKM - Cargo tonnage uplifted multiplied by the distance carried.

N

Net debt – Borrowings and lease liabilities (current and non-current) net of cash assets.

Net debt to equity ratio – Net debt in relation to total equity.

Net debt including aircraft operating leases – The sum of net debt and the capitalised value of aircraft operating lease costs.

O

Operating cash margin – Cash generated from operating activities expressed as a percentage of the sum of revenue and other operating income.

Operating margin – Operating profit expressed as a percentage of the sum of revenue and other operating income.

Overall load factor – RTKM divided by ATKM.

P

Passenger seat factor – RPKM divided by ASKM.

Passenger yield (Fils per RPKM) – Passenger revenue divided by RPKM.

Profit margin – Profit attributable to the Owner expressed as a percentage of sum of revenue and other operating income.

R

Return on shareholder's funds – Profit attributable to the Owner expressed as a percentage of shareholder's funds.

RPKM (Revenue Passenger Kilometre) – Number of passengers carried multiplied by the distance flown.

RTKM (Revenue Tonne Kilometre) – Actual traffic load (passenger and cargo) carried measured in terms of tonnes multiplied by the distance flown.

S

Shareholder's funds – Average of opening and closing equity attributable to the Owner.

T

Total revenue – Sum of revenue and other operating income.

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

Traffic – see RTKM

Transport revenue – The sum of passenger, cargo and excess baggage revenue.

U

Unit cost (Fils per ATKM) – Operating costs (airline only) incurred per ATKM.

Y

Yield (Fils per RTKM) – Revenue (airline only) earned per RTKM.

THE EMIRATES GROUP

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