

Consolidated income statement for the year ended 31 March 2010

	Note	2010 AED m	2009 AED m
Revenue	4	3,121	3,159
Other operating income		39	22
Operating costs	5	(2,601)	(2,714)
Operating profit		559	467
Finance income	6	54	45
Finance costs	6	(14)	(20)
Share of results in associated companies and joint ventures	10	19	25
Profit before income tax		618	517
Income tax expense	7	(5)	(10)
Profit for the year		613	507

Consolidated statement of comprehensive income for the year ended 31 March 2010

Profit for the year		613	507
Currency translation differences		53	(168)
Net investment hedge	15	(19)	40
Share of other comprehensive income in associated companies	10	(6)	(6)
Other comprehensive income		28	(134)
Total comprehensive income for the year		641	373

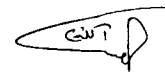
Notes 1 to 26 form an integral part of the consolidated financial statements.

Consolidated statement of financial position
as at 31 March 2010

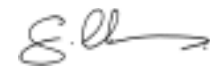
	Note	2010 AED m	2009 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	8	754	841
Intangible assets	9	662	648
Investments in associated companies and joint ventures	10	483	468
Loans to related parties	23	1	1
Advance lease rentals	11	26	25
Deferred tax assets	16	8	1
		1,934	1,984
Current assets			
Inventories		25	23
Trade and other receivables	12	697	590
Short term bank deposits	21	-	454
Cash and cash equivalents	21	1,982	896
		2,704	1,963
Total assets		4,638	3,947

	Note	2010 AED m	2009 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	13	63	63
Retained earnings		3,176	2,563
Other reserves		(45)	(73)
Total equity		3,194	2,553
Non-current liabilities			
Retirement benefit obligations	14	198	192
Term loans	15	383	412
Deferred tax liabilities	16	91	93
		672	697
Current liabilities			
Trade and other payables	17	695	628
Term loans	15	61	56
Income tax liabilities		16	13
		772	697
Total liabilities		1,444	1,394
Total equity and liabilities		4,638	3,947

The consolidated financial statements were approved on 29 April 2010 and signed by:



Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive



Gary Chapman
President

Consolidated statement of changes in equity
for the year ended 31 March 2010

	Capital AED m	Capital reserve AED m	Translation reserve AED m	Retained earnings AED m	Total equity AED m
1 April 2008	63	1	60	2,056	2,180
Currency translation differences	-	-	(168)	-	(168)
Net investment hedge (Note 15)	-	-	40	-	40
Share of other comprehensive income in associated companies (Note 10)	-	-	(6)	-	(6)
Other comprehensive income	-	-	(134)	-	(134)
Profit for the year	-	-	-	507	507
Total comprehensive income	-	-	(134)	507	373
31 March 2009	63	1	(74)	2,563	2,553
Currency translation differences	-	-	53	-	53
Net investment hedge (Note 15)	-	-	(19)	-	(19)
Share of other comprehensive income in associated companies (Note 10)	-	-	(6)	-	(6)
Other comprehensive income	-	-	28	-	28
Profit for the year	-	-	-	613	613
Total comprehensive income	-	-	28	613	641
31 March 2010	63	1	(46)	3,176	3,194

Capital reserve represents Dnata's share of a non-distributable reserve of an associated company.

Minority interest is not reported as values are less than AED 1 m.

Consolidated statement of cash flows
for the year ended 31 March 2010

	2010 AED m	2009 AED m
Operating activities		
Profit before income tax	618	517
Adjustments for:		
Depreciation and amortisation (Note 5)	243	249
Finance income - net (Note 6)	(40)	(25)
Amortisation of advance lease rentals (Note 11)	1	1
Share of results in associated companies and joint ventures (Note 10)	(19)	(25)
Loss / (profit) on sale of property, plant and equipment	2	(1)
Net provision for impairment of trade receivables (Note 12)	4	2
Provision for employee benefits (Note 5)	56	35
Employee benefit payments	(50)	(45)
Income tax paid	(17)	(14)
Change in inventories	(1)	(2)
Change in trade and other receivables	(27)	(10)
Change in trade and other payables	(6)	(201)
Net cash generated from operating activities	764	481

	2010 AED m	2009 AED m
Investing activities		
Purchase of property, plant and equipment (Note 8)	(48)	(172)
Additions to intangible assets (Note 9)	(24)	(26)
Proceeds from sale of property, plant and equipment	8	2
Investments in associated companies and joint ventures (Note 10)	(4)	(271)
Finance income	52	41
Dividend received from associated companies	14	9
Movement in short term bank deposits	454	355
Acquisition of a subsidiary (Note 25)	(59)	(1)
Loans to related parties - net (Note 23)	(2)	(8)
Net cash generated from / (used in) investing activities	391	(71)
Financing activities		
Net movement in loans (Note 15)	(59)	(48)
Finance cost	(14)	(20)
Net cash used in financing activities	(73)	(68)
Net increase in cash and cash equivalents	1,082	342
Cash and cash equivalents at beginning of year	896	574
Effects of exchange rate changes	4	(20)
Cash and cash equivalents at end of year (Note 21)	1,982	896

Notes 1 to 26 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2010

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, a Government of Dubai entity.

Dnata is incorporated and domiciled in Dubai, UAE. The address of its registered office is Dnata Travel Centre, PO Box 1515, Dubai, UAE.

The main activities of Dnata comprise:

- aircraft handling and engineering services
- handling services for export and import cargo
- information technology services
- representing airlines as their general sales agent
- travel agency and other travel related services
- inflight and institutional catering

2. Summary of significant accounting policies

A summary of the significant accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. The consolidated financial statements are prepared under the historical cost convention.

Standards, interpretations and amendments to published standards that are not yet effective, have not been early adopted and are relevant to Dnata's operations

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to the existing standards have been published that are mandatory for accounting periods commencing on or after 1 July 2009. Management is currently assessing the following standards, interpretations and amendments which are likely to have an impact on Dnata's operations:

- IFRS 3 (Revised), Business combinations (effective from 1 July 2009)
- IFRS 5 (Amendment), Measurement of non-current assets (or disposal groups) classified as held-for-sale (effective from 1 January 2010)
- IFRS 9, Financial instruments (effective from 1 January 2013)
- IAS 1 (Amendment), Presentation of financial statements (effective from 1 July 2009)
- IAS 17 (Amendment), Leases (effective from 1 January 2010)
- IAS 24 (Revised), Related Party Disclosures (effective from 1 January 2011)
- IAS 27 (Revised), Consolidated and separate financial statements (effective from 1 July 2009)
- IAS 36 (Amendment), Impairment of assets (effective from 1 January 2010)
- IAS 38 (Amendment), Intangible assets (effective from 1 July 2009)
- IAS 39 (Amendments), Financial instruments: Recognition and Measurement (effective from 1 January 2010)

Basis of consolidation

Subsidiaries are those entities in which Dnata has the power to govern the entity's operating and financial policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to Dnata and are no longer consolidated from the date on which control ceases. All material inter-company transactions, balances and unrealised gains and losses arising on transactions between Dnata and its subsidiaries are eliminated.

2. Summary of significant accounting policies (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets including intangible assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date.

Transactions with minority interests are treated as transactions with parties external to Dnata. Disposals to minority interests results in gains and losses that are recorded in the consolidated income statement. Purchases from minority interests results in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary.

Associated companies are those entities in which Dnata has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investment in associated companies are accounted for by applying the equity method and includes goodwill (net of accumulated impairment loss, if any) identified on acquisition.

Joint ventures are contractual arrangements which establish joint control. Investments in jointly controlled entities are accounted for by applying the equity method and includes goodwill (net of accumulated impairment loss, if any) identified on acquisition.

All material unrealised gains and losses arising on transactions between Dnata and its associated companies and joint ventures are eliminated to the extent of Dnata's interest.

Accounting policies of subsidiaries, associated companies and joint ventures have been changed where necessary to ensure consistency with Dnata's accounting policies.

Revenue

Revenue from services other than from information technology services is stated net of value-added taxes, rebates and discounts, and is recognised on the performance of services.

Revenue from information technology services is recognised as services are rendered for time-and-material contracts and as per the percentage-of-completion method with reference to the stage of completion for software implementation services.

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

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

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency, at exchange rates approximating to those ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at exchange rates ruling at the end of reporting period. The resultant foreign exchange gains and losses are recognised in the consolidated income statement.

Income statements and cash flows of subsidiaries are translated into UAE Dirhams at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange rates ruling on the end of reporting period. Share of results in associated companies and joint ventures are translated into UAE Dirhams at average exchange rates for the year.

Translation differences relating to investments in associated companies, joint ventures, subsidiaries and foreign currency borrowings that provide a hedge against a net investment in a foreign entity are classified as a translation reserve in equity until the disposal of the investment when the translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

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 ruling on the end of reporting period.

Property, plant and equipment

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

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

2. Summary of significant accounting policies (continued)

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight line basis over the estimated useful life of the assets concerned. The estimated useful lives are:

Buildings	5 - 20 years
Leasehold property	over the remaining term of the lease
Airport plant and equipment	5 - 10 years
Office equipment and furniture	3 - 5 years
Motor vehicles	5 years

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

When the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at the end of each reporting period for possible reversal of the impairment charges.

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.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and recognised in the consolidated income statement.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the identifiable net assets acquired by Dnata in its subsidiaries at the date of acquisition. Goodwill is presented within intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment loss. For the purpose of impairment testing, goodwill is allocated to 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 exceeds its recoverable amount. Impairment loss on goodwill is 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.

When the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at the end of each reporting period for possible reversal of the impairment loss. Intangible assets are amortised on a straight-line basis over the estimated useful lives, which are:

Computer software	5 years
Customer relationships	3 - 5 years
Contractual rights	over the term of the rights

Loans and receivables

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

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

Operating leases

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

Inventories

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

2. Summary of significant accounting policies (continued)

Trade receivables

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated 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 borrowing using the effective interest rate 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 defined benefit plan is the present value of the defined benefit obligation at the end of reporting period less the fair value of plan assets at that date, together with adjustments for unrecognised past-service costs and unamortised actuarial gains and losses. 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 reporting period of high quality corporate bonds that have terms to maturity approximating the estimated term of the post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions that are in excess of the corridor limits determined in accordance with IAS 19, are amortised to the consolidated income statement over a period of three years.

Current and deferred income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where Dnata's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted in the jurisdiction of the individual companies by the end of reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred tax asset is realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group 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 profit will be available against which the temporary differences can be utilised.

Trade payables

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

Cash and cash equivalents

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

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 and liabilities and income and expense. The estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following discussion addresses the accounting policies that require subjective and complex judgements, often as a result of the need to make estimates.

Valuation of intangible assets on acquisition

For each acquisition management assesses the fair value of intangible assets acquired. The instance where individual fair values of assets in a group are not reliably measurable, a single asset separate from goodwill is recognised. Where an active market does not exist for an intangible asset, fair values are established using valuation techniques e.g. discounting future cash flows from the asset. In the process, estimates are made of the future cash flows, the useful life and the discount rate based on management's experience and expectation at the time of acquisition.

Depreciation of property, plant and equipment

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

Amortisation of intangible assets

Management assigns useful lives and residual values to intangible assets based on the intended use of the assets, the underlying contractual or legal rights and the historical experience. Subsequent changes in circumstances such as technological advances, changes in the terms of the underlying contracts or prospective utilisation of the assets concerned could result in the useful lives or residual values differing from initial estimates. Management has reviewed the residual values and useful lives of major intangible assets and determined that no adjustment is necessary.

Impairment of investment in associated companies and joint ventures (equity accounted investments)

Management applies the guidance in IAS 39 to identify if potential impairment exists for its equity accounted investments. At the end of each reporting period, an assessment is made whether there is any objective evidence of impairment. In such instances, the investment is subject to an impairment test by comparing the carrying amount to the recoverable amount of the asset. Considering the long term nature of these investments, the recoverable amount is determined based on value-in-use calculations. Calculating the value-in-use implies obtaining cash flow forecasts from the management of the equity accounted investments. Publicly listed companies often operate under restrictions due to the applicable listing regulations on disclosure of information to a selective group of shareholders. Thus, for such investments management develops its own estimated cash flows using publicly available data or the analyst forecasts, as appropriate.

4. Revenue

	2010 AED m	2009 AED m
Services		
Airport operations	1,627	1,517
Cargo	607	536
Information technology	526	568
Agency commission	234	245
Reservations system	-	155
Other	20	21
	3,014	3,042
Sale of goods		
Inflight and institutional catering	107	117
	3,121	3,159

Income from reservations system is nil during the current year since the related agreement has come to an end.

5. Operating costs

	2010 AED m	2009 AED m
Employee (see below)	1,387	1,347
Airport operations and cargo - other direct costs	442	391
Depreciation and amortisation	243	249
Information technology infrastructure costs	178	297
Office accommodation	106	116
Operating lease rentals	49	39
Cost of goods sold	35	40
Corporate overheads	161	235
	2,601	2,714

Employee costs include AED 56 m (2009: AED 35 m) in respect of post-employment benefits and AED 33 m (2009: AED Nil) in respect of an employee profit share scheme.

6. Finance income and costs

	2010 AED m	2009 AED m
Finance income:		
Interest income	54	45
Finance costs:		
Interest charges	(14)	(20)

7. Income tax expense

	2010 AED m	2009 AED m
The components of income tax expense are:		
Current tax	14	16
Deferred tax credit (Note 16)	(9)	(6)
	5	10

Income tax relates only to subsidiary companies which are subject to tax. Providing information on effective tax rates is therefore not meaningful.

8. Property, plant and equipment

	Buildings and leasehold property AED m	Airport plant and equipment AED m	Office equipment and furniture AED m	Motor vehicles AED m	Capital projects AED m	Total AED m
Cost						
1 April 2008	501	523	781	27	27	1,859
Additions	-	37	93	5	37	172
Acquisitions (Note 25)	-	-	1	-	-	1
Currency translation differences	(23)	(9)	(1)	-	-	(33)
Transfer from capital projects	10	2	43	-	(55)	-
Disposals / write off	(4)	(10)	(16)	(3)	-	(33)
31 March 2009	484	543	901	29	9	1,966
Depreciation						
1 April 2008	79	328	545	17	-	969
Charge for the year	24	65	100	4	-	193
Currency translation differences	(2)	(3)	-	-	-	(5)
Disposals / write off	(4)	(10)	(15)	(3)	-	(32)
31 March 2009	97	380	630	18	-	1,125
Net book amount						
31 March 2009	387	163	271	11	9	841

8. Property, plant and equipment (continued)

	Buildings and leasehold property AED m	Airport plant and equipment AED m	Office equipment and furniture AED m	Motor vehicles AED m	Capital projects AED m	Total AED m
Cost						
1 April 2009	484	543	901	29	9	1,966
Additions	-	14	26	2	6	48
Acquisition (Note 25)	6	37	-	-	-	43
Currency translation differences	20	4	-	2	-	26
Transfer from capital projects	-	-	11	-	(11)	-
Disposals / write off	-	(24)	(42)	(2)	-	(68)
31 March 2010	510	574	896	31	4	2,015
Depreciation						
1 April 2009	97	380	630	18	-	1,125
Charge for the year	23	61	101	4	-	189
Currency translation differences	2	2	1	-	-	5
Disposals / write off	-	(22)	(35)	(1)	-	(58)
31 March 2010	122	421	697	21	-	1,261
Net book amount						
31 March 2010	388	153	199	10	4	754

9. Intangible assets

	Goodwill AED m	Computer software AED m	Customer relationships AED m	Contractual rights AED m	Total AED m
Cost					
1 April 2008	343	116	12	409	880
Additions	-	26	-	-	26
Currency translation differences	(41)	(1)	-	(49)	(91)
31 March 2009	302	141	12	360	815
Amortisation					
1 April 2008	-	72	3	43	118
Charge for the year	-	17	2	37	56
Currency translation differences	-	(1)	-	(6)	(7)
31 March 2009	-	88	5	74	167
Net book amount					
31 March 2009	302	53	7	286	648

9. Intangible assets (continued)

	Goodwill AED m	Computer software AED m	Customer relationships AED m	Contractual rights AED m	Total AED m
Cost					
1 April 2009	302	141	12	360	815
Additions	-	24	-	-	24
Currency translation differences	23	1	-	26	50
31 March 2010	325	166	12	386	889
Amortisation					
1 April 2009	-	88	5	74	167
Charge for the year	-	14	2	38	54
Currency translation differences	-	-	-	6	6
31 March 2010	-	102	7	118	227
Net book amount					
31 March 2010	325	64	5	268	662

Computer software includes an amount of AED 34 m (2009: AED 18 m) in respect of projects under implementation.

For the purpose of testing goodwill for impairment, goodwill amounting to AED 89 m (2009: AED 82 m) is allocated to the airport services cash generating unit in Singapore and AED 233 m (2009: AED 217 m) is allocated to the airport services cash generating unit in Switzerland. The recoverable amount for the cash generating unit has been determined on the basis of value-in-use calculations.

The key assumptions used in the value-in-use calculations for the Singapore and Switzerland cash generating units include a risk adjusted discount rate, historical gross margins of 24% and 19% respectively and growth rates based on management's expectations for market development. Cash flow projections for these cash generating units are based on forecasts approved by management covering a five year period and discount rates of 10% and 8% per annum respectively. Cash flows beyond the five year period have been extrapolated using growth rates of 3% and 2% respectively. These growth rates do not exceed the long term average growth rate for the markets in which these cash generating units operate.

Goodwill allocated to the travel agency cash generating unit amounts to AED 3 m (2009: AED 3 m) and is not significant in comparison to the total carrying amount of goodwill. Further, due to the profitability of this business unit, management is of the opinion that goodwill is not impaired.

10. Investments in subsidiaries, associated companies and joint ventures

Principal subsidiaries

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Dnata Travel (UK) Ltd.	100	Travel agency	United Kingdom
Dnata Inc.	100	Aircraft handling services	Philippines
Dnata International Airport Services Pte Ltd.	100	Investment company	Singapore
Changi International Airport Services Pte Ltd.	100	Aircraft handling and catering services	Singapore
MMI Travel L.L.C.	100	Travel agency	United Arab Emirates
Dnata Gmbh	100	Investment company	Austria
Dnata Switzerland AG	100	Aircraft handling services	Switzerland
Al Hidayah Travel WLL	90	Travel agency	Bahrain
Cleopatra WLL	90	Travel agency	Bahrain
Dnata Aviation Services Ltd.	100	Investment company	United Kingdom
Plane Handling Ltd.	100	Aircraft handling services	United Kingdom

Dnata Aviation Services Ltd. was incorporated during the year and Plane Handling Ltd. was acquired during the year. Al Hidayah Travel WLL and Cleopatra WLL were acquired during the previous year.

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

Principal associated companies

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Dubai Express L.L.C.	50	Freight clearing and forwarding	United Arab Emirates
Gerry's Dnata (Private) Ltd.	50	Aircraft handling services	Pakistan
Xi'an Dnata Aviation Services Co Ltd.	45	Aircraft handling services	China
Hogg Robinson Group Plc	23.2	Corporate Travel services	United Kingdom
Mindpearl AG	49	Contact centre operations	Switzerland
Mindpearl South Africa (Pty) Ltd.	49	Contact centre operations	South Africa

Investments in Hogg Robinson Group Plc, Mindpearl AG and Mindpearl South Africa (Pty) Ltd. were made during the previous year.

Principal joint ventures

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Dnata-PWC Airport Logistics L.L.C.	50	Logistics services	United Arab Emirates
Dnata Saudi Travel Agency	50	Travel agency	Saudi Arabia
Transguard Group L.L.C.	100	Security services	United Arab Emirates
Toll Dnata Airport Services	50	Aircraft handling services	Australia
Dunya Travel L.L.C.	50	Travel agency	United Arab Emirates
SDV (UAE) L.L.C.	25.5	Logistics services	United Arab Emirates
Najm Travel	50	Travel agency	Afghanistan
Al Tawfeeq Travels L.L.C	50	Travel agency	Qatar

The investment in Al Tawfeeq Travels L.L.C was made during the year. The investments in SDV (UAE) L.L.C and Najm Travel were made during the previous year. The beneficial interest in SDV (UAE) L.L.C is 35% and is subject to joint control. The beneficial interest in Transguard Group L.L.C. is 50% and is subject to joint control.

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

Movement of investments in associated companies and joint ventures

	2010 AED m	2009 AED m
Balance brought forward	468	264
Investments during the year	4	271
Share of results	19	25
Dividends	(14)	(9)
Share of other comprehensive income	(6)	(6)
Currency translation differences	12	(77)
Balance carried forward	483	468

The carrying value of the investments in associated companies amounted to AED 245 m (2009: AED 243 m) and the share of results amounted to AED 14 m (2009: AED 11 m). The investments in associated companies and joint ventures include a quoted investment, the fair value of which amounts to AED 126 m (2009: AED 60 m) at the end of the reporting period.

The financial statements of an associated company have been drawn from 1 January 2009 to 31 December 2009 to comply with the accelerated reporting timetable of Dnata. For the purpose of applying the equity method of accounting and disclosures, the financial statements as drawn above have been used and appropriate adjustments have been made, where necessary, for the effect of significant events between 1 January 2010 and 31 March 2010.

Summarised financial information in respect of associated companies is set out below:

	2010 AED m	2009 AED m
Total assets	3,313	3,346
Total liabilities	2,389	2,425
Net assets	922	921
Revenue	2,272	1,458
Profit for the year	30	18

Summarised financial information in respect of Dnata's share in joint ventures are set out below:

	2010 AED m	2009 AED m
Non-current assets	303	239
Current assets	207	155
Non-current liabilities	174	49
Current liabilities	98	120
Total income	409	402
Total expense	404	388

11. Advance lease rentals

	2010 AED m	2009 AED m
Balance brought forward	25	29
Currency translation differences	2	(3)
Charge for the year	(1)	(1)
Balance carried forward	26	25

12. Trade and other receivables

	2010 AED m	2009 AED m
Trade receivables - net of provision	479	400
Prepayments	64	48
Related parties (Note 23)	54	52
Deposits and other receivables	100	90
	697	590

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

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

	2010 AED m	2009 AED m
Balance brought forward	21	19
Charge for the year	16	16
Unused amounts reversed	(12)	(14)
Balance carried forward	25	21

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

The maximum exposure to credit risk of current trade and other receivables at the reporting date is the carrying value of each class of receivable mentioned above.

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

	2010 AED m	2009 AED m
Below 3 months	218	171
3-6 months	19	43
Above 6 months	59	58
	296	272

13. Capital

Capital represents the permanent capital of Dnata.

14. 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 2010, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 5.0% (2009: 5.0%) and a discount rate of 6.0% (2009: 6.5%) per annum. The present values of the defined benefit obligations at 31 March 2010 were computed using the actuarial assumptions set out above.

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

	2010 AED m	2009 AED m
Funded scheme		
Present value of defined benefit obligations	50	43
Less: Fair value of plan assets	(48)	(38)
	2	5
Unfunded scheme		
Present value of defined benefit obligations	195	163
Unamortised actuarial gains / (losses)	1	24
	196	187
Liability recognised in consolidated statement of financial position	198	192

14. Retirement benefit obligations (continued)

(i) Funded scheme

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

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

The liability of AED 2 m (2009: AED 5 m) represents the amount that will not be settled from plan assets and is calculated as the excess of the present value of the defined benefit obligation for an individual employee over the fair value of the employee's plan assets at the end of the reporting period.

The movement in the fair value of the plan assets are:

	2010 AED m	2009 AED m
Balance brought forward	38	47
Contributions received	9	9
Benefits paid	(7)	(5)
Change in fair value	8	(13)
Balance carried forward	48	38

Contributions received include the transfer of accumulated benefits from unfunded schemes. Dnata expects to contribute approximately AED 8 m for existing plan members during the year ended 31 March 2011.

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.

(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 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, together with adjustments for past-service costs and unamortised actuarial gains.

The movement in the defined benefit obligation is:

	2010 AED m	2009 AED m
Balance brought forward	187	201
Current service cost	12	15
Interest cost	11	10
Release of excess provision	-	(28)
Payments made during the year	(15)	(11)
Balance carried forward	195	187

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

14. Retirement benefit obligations (continued)

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

	2010 AED m	2009 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	8	9
Net change in the present value of defined benefit obligations over plan assets	(2)	2
	6	11
Unfunded scheme		
Current service cost	12	15
Interest cost	11	10
Release of excess provision	-	(28)
	23	(3)
Defined contribution plan		
Contributions expensed	27	27
Recognised in the consolidated income statement	56	35

15. Term loans

	2010 AED m	2009 AED m
Term loans are denominated in the following currencies:		
Singapore Dollars	182	202
Swiss Francs	261	266
Others	1	-
	444	468
Movement in the term loans are as follows:		
Balance brought forward	469	579
Additions	1	-
Repayments	(60)	(48)
Currency translation differences	35	(62)
	445	469
Unamortised transaction costs	(1)	(1)
Balance carried forward	444	468

Term loans are repayable as follows:

	2010 AED m	2009 AED m
Within one year	61	56
Between 2 and 5 years	242	225
After 5 years	141	187
Total over one year	383	412

A term loan amounting to AED 183 m (2009: AED 203 m) is secured by a charge on the shares of Changi International Airport Services (International) Pte Ltd. (a subsidiary of Dnata International Airport Services Pte Ltd.) and Changi International Airport Services Pte Ltd. A corporate guarantee has also been provided by Dnata for the total value of the term loans.

Contractual repricing dates are set at six month intervals. The effective interest rate on the term loans was 2.8% (2009: 3.7%) per annum. The carrying amounts of the term loans approximate their fair value. The fair value is determined by discounting projected cash flows using the interest rate yield curve applicable to different maturities and currencies adjusted for contractual pricing.

The term loan in Swiss Francs is designated as a hedge of the net investment in Dnata Switzerland AG. The foreign exchange gain or loss on translation of the loan at the end of the reporting period is recognised in the translation reserve in equity.

16. Deferred 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:

	2010 AED m	2009 AED m
Deferred tax assets	8	1
Deferred tax liabilities	(91)	(93)
	(83)	(92)
The movement in the deferred tax account is as follows:		
Balance brought forward	(92)	(110)
Acquisition (Note 25)	8	-
Currency translation differences	(8)	12
Credited to the consolidated income statement	9	3
Effect of change in tax rates	-	3
Balance carried forward	(83)	(92)

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 tax liabilities

	Property, plant and equipment AED m	Intangible assets AED m	Other AED m	Total AED m
1 April 2008	(38)	(75)	(2)	(115)
Currency translation differences	4	9	-	13
Credited / (charged) to the consolidated income statement	(2)	7	-	5
Effect of change in tax rates	3	-	-	3
31 March 2009	(33)	(59)	(2)	(94)
Currency translation differences	(3)	(4)	-	(7)
Credited to the consolidated income statement	1	8	-	9
31 March 2010	(35)	(55)	(2)	(92)

Deferred tax assets

	Tax losses AED m	Provisions AED m	Other AED m	Total AED m
1 April 2008	4	1	-	5
Currency translation differences	(1)	-	-	(1)
Charged to the consolidated income statement	(2)	-	-	(2)
31 March 2009	1	1	-	2
Acquisition (Note 25)	-	-	8	8
Currency translation differences	-	-	(1)	(1)
31 March 2010	1	1	7	9

17. Trade and other payables

	2010 AED m	2009 AED m
Trade payables and accruals	474	421
Related parties (Note 23)	26	23
Employee leave pay	66	67
Airlines	109	96
Customer deposits	20	21
	695	628

18. Operating leases

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

	2010 AED m	2009 AED m
Less than 1 year	33	23
Between 2 and 5 years	60	37
After 5 years	235	69
	328	129

19. Capital commitments

	2010 AED m	2009 AED m
Authorised and contracted	33	42
Authorised but not contracted	358	179
	391	221

20. Guarantees

	2010 AED m	2009 AED m
Guarantees provided by Dnata's bankers in the normal course of business	18	22

21. Short term bank deposits, cash and cash equivalents

	2010 AED m	2009 AED m
Short term bank deposits	1,875	1,269
Cash and bank	107	81
Cash and bank balances	1,982	1,350
Less: Short term bank deposits over 3 months	-	(454)
Cash and cash equivalents	1,982	896

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 3.2% (2009: 4.5%) per annum.

22. Classification of financial instruments

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

Description	Loans and receivables AED m	Financial liabilities at amortised cost AED m	Total AED m
2010			
Assets			
Loans to related parties (non-current)	1	-	1
Trade and other receivables (excluding prepayments)	633	-	633
Cash and cash equivalents	1,982	-	1,982
Total	2,616	-	2,616
Liabilities			
Term loans	-	444	444
Trade and other payables (excluding customer deposits)	-	675	675
Total	-	1,119	1,119
2009			
Assets			
Loans to related parties (non-current)	1	-	1
Trade and other receivables (excluding prepayments)	542	-	542
Short term bank deposits	454	-	454
Cash and cash equivalents	896	-	896
Total	1,893	-	1,893
Liabilities			
Term loans	-	468	468
Trade and other payables (excluding customer deposits)	-	607	607
Total	-	1,075	1,075

23. Related party transactions

The following transactions were carried out with related parties:

Trading transactions

	2010 AED m	2009 AED m
(i) Sale / purchase of goods and services		
Sale		
Sale of goods - Companies under common control	37	48
Services rendered - Associated companies	11	14
Services rendered - Joint ventures	4	4
Services rendered - Companies under common control	1,136	1,128
	1,188	1,194
Purchase		
Purchase of goods - Companies under common control	6	5
Services received - Associated companies	1	1
Services received - Joint ventures	66	88
Services received - Companies under common control	38	40
	111	134
(ii) Year end balances arising from sale / purchase of goods and / or services		
Receivables from related parties (Note 12)		
Associated companies	1	1
Joint ventures	4	9
Companies under common control	24	19
	29	29
Payables to related parties (Note 17)		
Joint ventures	5	4
Companies under common control	21	19
	26	23

The amounts outstanding at year end are unsecured and will be settled in cash.

Other transactions

	2010 AED m	2009 AED m
(i) Compensation to key management personnel		
Salaries and short-term employee benefits	24	29
Post-employment benefits	2	3
	26	32
(ii) Loans		
Associated companies	4	4
Joint ventures	22	20
	26	24
Movement in the loans were as follows:		
Balance brought forward	24	15
Additions	2	8
Currency translation differences	-	1
Balance carried forward	26	24
Within one year (Note 12)	25	23
Total over one year	1	1
The loans earned effective interest of 5.4% (2009: 6.2%) except for loans amounting to AED 8 m (2009: AED 6 m) which were interest free.		
(iii) Loans and advances to key management personnel		
	2010 AED m	2009 AED m
Balance brought forward	-	-
Additions	-	1
Repayments	-	(1)
Balance carried forward	-	-
Within one year (Note 12)	-	-
Total over one year	-	-

Loans and advances to key management personnel are interest free and are repayable monthly over 36 months. Dnata has the right to recover outstanding loans and advances against the final dues payable to the employees.

24. Financial risk management

Dnata has limited exposure to financial risks by virtue of the nature of its operations. In the areas where financial risks exist, the aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on Dnata's financial position.

Dnata's risk management procedures are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. Dnata reviews its risk management procedures and systems on a regular basis to reflect changes in markets.

Risk management is carried out by Corporate Treasury under procedures that are approved by a steering group comprising of senior management. Corporate Treasury identifies and evaluates opportunities for hedging financial risks 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. The 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 the prevailing levels of interest rates on its long term borrowings and cash surpluses placed on short term deposits. Cash surpluses are primarily held in UAE Dirhams, the functional currency and US Dollars to which the UAE Dirham is pegged.

Long term borrowings have been taken at variable rates and thus expose Dnata to cash flow interest rate risk. No hedging cover is taken due to the stable interest rate environment that exists in the countries where the loans are contracted. The key reference rates based on which interest costs are determined are CHF LIBOR for Swiss Francs and SIBOR for Singapore Dollars. Summarised quantitative data is available in Note 15 for interest cost exposures.

Currency risk

Dnata is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its long term debt obligations denominated in Singapore Dollars and Swiss Francs. Cash flows from the Singapore and Switzerland operations are adequate to meet the repayment schedules.

The following sensitivity analysis 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.

	2010		2009	
	Effect on profit AED m	Effect on equity AED m	Effect on profit AED m	Effect on equity AED m
Interest cost				
- 100 basis points				
Singapore Dollars	2	2	2	2
Swiss Francs	3	3	3	3
	5	5	5	5
+ 100 basis points				
Singapore Dollars	(2)	(2)	(2)	(2)
Swiss Francs	(3)	(3)	(3)	(3)
	(5)	(5)	(5)	(5)
Interest income				
- 100 basis points	(1)	(1)	-	-
+ 100 basis points	1	1	-	-
Currency - Singapore Dollars				
+ 1%	-	(2)	-	(2)
- 1%	-	2	-	2
Currency - Swiss Francs				
+ 1%	-	(3)	-	(3)
- 1%	-	3	-	3

24. Financial risk management (continued)

(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 which 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. Exposure to credit risk is managed through regular analysis of the ability of counterparties and potential counterparties to meet their obligations and by changing their limits where appropriate. Approximately 81% (2009: 28%) of cash and bank balances are held with financial institutions under common control.

Policies are in place to ensure that sales are made to customers with an appropriate credit history failing which an appropriate level of security is obtained, where necessary sales are made on cash terms. Credit limits are also imposed to cap exposure to a customer.

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

	2010 AED m	2009 AED m
AA- to AA+	18	23
A- to A+	1,918	1,326

(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 includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature. Dnata maintains diversified credit lines to enable this to happen.
- 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.

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

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

Description	Less than 1 year AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
2010				
Term loans	73	188	235	496
Trade and other payables (excluding customer deposits)	675	-	-	675
	748	188	235	1,171
2009				
Term loans	74	168	285	527
Trade and other payables (excluding customer deposits)	607	-	-	607
	681	168	285	1,134

25. Business combinations

On 31 January 2010, Dnata acquired, through its subsidiary Dnata Aviation Services Ltd., 100% of the shares in Plane Handling Ltd. and certain assets of Aviance Limited, which were subsequently integrated into Plane Handling Ltd. The acquired business contributed revenue of AED 76 m and profit of AED Nil from the acquisition date to 31 March 2010. The principal activities of Plane Handling Ltd. is to provide aircraft and cargo handling services at London Heathrow, Manchester and Glasgow airports in the United Kingdom.

The assets and liabilities arising from the acquisition of the subsidiary are as follows:

	Recognised on acquisition AED m	Acquiree's carrying amount AED m
Property, plant and equipment (Note 8)	43	43
Deferred tax assets (Note 16)	8	8
Other current assets	79	79
Current liabilities	(71)	(71)
Fair value of net assets	59	59
Total purchase consideration	59	
Cash outflow on acquisition	59	

The purchase consideration includes direct costs of acquisition amounting to AED 1 m.

In the previous year, on 30 November 2008, Dnata acquired 90% of the shares in Al Hidaya Travel WLL and Cleopatra WLL, Bahrain. The acquired business contributed revenue of AED 1 m and profit of AED Nil from the acquisition date to 31 March 2009. The principal activities of Al Hidaya Travel WLL and Cleopatra WLL (trading as Dnata Bahrain) is to represent airlines as their general sales agent and the provision of travel agency and other travel related services.

The assets and liabilities arising from the acquisition of the subsidiary are as follows:

	Recognised on acquisition AED m	Acquiree's carrying amount AED m
Property, plant and equipment (Note 8)	1	1
Fair value of net assets	1	1
Total purchase consideration	1	
Cash outflow on acquisition	1	

The purchase consideration includes direct costs of acquisition amounting to AED Nil.

26. 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 2010, Dnata achieved a return on equity of 21.3% (2009: 21.4%) in comparison to an effective interest rate of 2.8% (2009: 3.7%) on borrowings.

Report on the financial statements

We have audited the accompanying consolidated financial statements of Dnata and its subsidiaries (together referred to as "Dnata"), which comprise the consolidated statement of financial position as of 31 March 2010 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

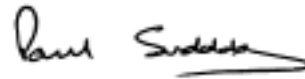
statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dnata as of 31 March 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
29 April 2010



Paul Suddaby
Registered Auditor No. 309
Dubai, United Arab Emirates