

CHINA EASTERN AIRLINES CORP LTD
Form 6-K
April 20, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of April 2010

Commission File Number: 001-14550

China Eastern Airlines Corporation Limited

(Translation of Registrant's name into English)

2550 Hongqiao Road
Hongqiao Airport
Shanghai, China 200335

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

China Eastern Airlines Corporation Limited
(Registrant)

Date April 20, 2010

By

/s/ Luo Zhuping

Name: Luo Zhuping

Title: Director and Company Secretary

Certain statements contained in this announcement may be regarded as "forward-looking statements" within the meaning of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company's filings with the U.S. Securities and Exchange Commission. The forward-looking statements included in this announcement represent the Company's views as of the date of this announcement. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company specifically disclaims any obligation to update these forward-looking statements, unless required by applicable laws. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this announcement.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 00670)

2009 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of China Eastern Airlines Corporation Limited (the "Company") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") prepared under International Financial Reporting Standards ("IFRS") for the year ended 31 December 2009 with comparative figures for the corresponding year of 2008 as follows:

FINANCIAL INFORMATION

A. PREPARED IN ACCORDANCE WITH IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Revenues	4	38,989,659	41,072,557
Other operating income	6	1,288,017	405,163
Other gains	6	–	267,084
Operating expenses			
Aircraft fuel		(12,254,980)	(18,488,242)
Gain/(loss) on fair value movements of financial derivatives	7	3,774,688	(6,400,992)
Take-off and landing charges		(5,460,351)	(5,279,590)
Depreciation and amortisation		(5,202,835)	(4,781,562)
Wages, salaries and benefits		(5,148,877)	(4,545,312)
Aircraft maintenance		(3,018,724)	(3,272,981)
Impairment losses	8	(109,417)	(2,976,678)

Edgar Filing: CHINA EASTERN AIRLINES CORP LTD - Form 6-K

Food and beverages	(1,201,023)	(1,321,268)
Aircraft operating lease rentals	(2,517,567)	(2,734,802)
Other operating lease rentals	(407,386)	(369,236)
Selling and marketing expenses	(1,977,760)	(1,562,945)
Civil aviation infrastructure levies	(890,348)	(769,849)
Ground services and other charges	(289,993)	(268,873)
Office, administrative and other expenses	(3,751,763)	(4,055,679)
Total operating expenses	(38,456,336)	(56,828,009)

- 1 -

	Note	2009 RMB'000	2008 RMB'000
Operating profit/(loss)		1,821,340	(15,083,205)
Share of results of associates		(46,602)	69,668
Share of results of jointly controlled entities		23,803	24,050
Finance income	9	205,304	2,061,625
Finance costs	10	(1,754,640)	(2,328,147)
Profit/(loss) before income tax		249,205	(15,256,009)
Income tax	11	(52,547)	(73,916)
Profit/(loss) for the year		196,658	(15,329,925)
Other comprehensive income/(loss) for the year			
Cash flow hedges, net of tax		57,914	(170,360)
Fair value movements of available for sale investments held by associates		(585)	(19,080)
Total comprehensive income/(loss) for the year		253,987	(15,519,365)
Profit/(loss) attributable to:			
Equity holders of the Company		168,766	(15,268,532)
Minority interests		27,892	(61,393)
		196,658	(15,329,925)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		226,095	(15,457,972)
Minority interests		27,892	(61,393)
		253,987	(15,519,365)
Earnings/(loss) per share attributable to equity holders of the Company during the year			
Basic and diluted (RMB)	13	0.026	(3.14)

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Intangible assets		69,622	164,851
Property, plant and equipment		56,703,560	52,678,473
Lease prepayments		970,835	996,521
Advanced payments on acquisition of aircraft		5,081,174	6,413,554
Investments in associates		723,022	980,319
Investments in jointly controlled entities		372,793	362,332
Available-for-sale financial assets		57,269	31,268
Other long-term assets		926,312	941,556
Deferred tax assets		83,748	81,947
Derivative assets		–	988
		64,988,335	62,651,809
Current assets			
Flight equipment spare parts		932,260	871,364
Trade receivables	14	1,370,871	1,165,308
Prepayments, deposits and other receivables		2,370,495	4,315,722
Cash and cash equivalents		1,735,248	3,451,010
Derivative assets		3,490	123,010
Non-current assets held for sale		450,693	473,667
		6,863,057	10,400,081
Current liabilities			
Sales in advance of carriage		1,420,183	1,013,878
Trade payables and notes payable	15	6,480,459	5,459,094
Other payables and accrued expenses		11,517,204	12,246,065
Current portion of obligations under finance leases		2,125,430	1,916,989
Current portion of borrowings		12,330,075	26,513,320
Income tax payable		21,126	39,002
Current portion of provision for return condition checks for aircraft under operating leases		609,884	213,830
Derivative liabilities		1,006,286	6,456,075
		35,510,647	53,858,253
Net current liabilities		(28,647,590)	(43,458,172)
Total assets less current liabilities		36,340,745	19,193,637

	Note	2009 RMB'000	2008 RMB'000
Non-current liabilities			
Obligations under finance leases		17,244,805	18,891,910
Borrowings		13,004,874	8,588,052
Provision for return condition checks for aircraft under operating leases		1,237,871	1,320,188
Other long-term liabilities		1,203,423	1,320,759
Deferred tax liabilities		51,539	57,589
Post-retirement benefit obligations		1,798,707	1,469,124
Derivative liabilities		123,345	185,524
		34,664,564	31,833,146
Net assets/(liabilities)		1,676,181	(12,639,509)
Equity			
Capital and reserves attributable to the equity holders of the Company		9,581,700	4,866,950
Share capital			
Reserves		(8,347,147)	(17,964,351)
		1,234,553	(13,097,401)
Minority interests		441,628	457,892
Total equity		1,676,181	(12,639,509)

Notes

1. CORPORATE INFORMATION

The Company is a joint stock company limited by shares incorporated in the People's Republic of China (the "PRC") on 14 April 1995. The address of the Company's registered office is 66 Airport Street, Pudong International Airport, Shanghai, the PRC. The Group is principally engaged in the operation of civil aviation, including the provision of passenger, cargo, and mail delivery and other extended transportation services.

The Company is majority owned by China Eastern Air Holding Company ("CEA Holding"), a state-owned enterprise incorporated in the PRC.

The Company's shares are traded on The Stock Exchange of Hong Kong Limited, The New York Stock Exchange and The Shanghai Stock Exchange.

During the year ended 31 December 2009, the Company issued total 2,787,375,000 A Shares to CEA Holding (1,927,375,000 Shares) and other investors (860,000,000 Shares), and 1,927,375,000 H Shares to CES Global Holding (Hong Kong) Limited, a wholly owned subsidiary of CEA Holding incorporated in Hong Kong.

2. BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

In preparing the financial statements, the Board has given careful consideration to the going concern status of the Group in the context of the Group’s current working capital deficit.

As at 31 December 2009, the Group’s accumulated losses were approximately RMB17.91 billion and its current liabilities exceeded its current assets by approximately RMB28.65 billion.

Against this background, the Board has taken active steps to seek additional sources of finance and improve the Group’s liquidity position. As at 31 December 2009, the Group had total credit facilities of RMB50.9 billion from certain banks. The Board believes that, based on experience to date, it is likely that these facilities will be rolled over in future years if required.

With the credit facilities and based on the Group’s history of obtaining finance and its relationships with its bankers and creditors, the Board considers that the Group will be able to obtain sufficient financing to enable it to operate, as well as to meet its liabilities as and when they become due and the capital expenditure requirements. Accordingly, the Board believes that it is appropriate to prepare these financial statements on a going concern basis without including any adjustments that would be required should the Company and the Group fail to continue as a going concern.

3. ACCOUNTING POLICIES

Except as described in note 3(a) below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described therein.

(a) The Group has adopted the following new and amended IFRS as at 1 January 2009:

IFRS 7 ‘Financial Instruments – Disclosures’ (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 1 (revised). ‘Presentation of financial statements’ – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also conforms with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IFRS 8, ‘Operating segments’ (effective 1 January 2009). IFRS 8 replaces IAS 14, ‘Segment reporting’, and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is

more consistent with the internal reporting provided to the chief operating decision-maker (“CODM”).

– 5 –

With effective from 1 January 2009, the Group has redefined its operating segments so that to present the segment information in the same manner as management's internal reporting. The Group is principally engaged in the operation of civil aviation, including the provision of passenger, cargo and other extended transportation services and are managed as a single business unit. From a service perspective and pursuant to the above re-segmentation, the Group has only one reportable operating segment, reported as "airline operations". Comparative amounts of the year 2008 have been restated to reflect the re-segmentation.

4. REVENUES

The Group is principally engaged in the operation of civil aviation, including the provision of passenger, cargo, mail delivery and other extended transportation services.

	Group	
	2009	2008
	RMB'000	RMB'000
Traffic revenues	36,924,830	38,844,269
– Passenger	32,800,411	33,486,459
– Cargo and mail	4,124,419	5,357,810
Ground service income	974,732	1,252,468
Cargo handling income	296,827	337,773
Commission income	206,137	183,129
Others	587,133	454,918
	38,989,659	41,072,557

Note:

Pursuant to the relevant tax rules and regulations in the PRC, the major elements of the Group's traffic revenues, commission income, ground service income, cargo handling income and other revenues are subject to business tax levied at rates of 3% or 5%. The business tax incurred and set off against the above Group's revenues for the year ended 31 December 2009 amounted to approximately RMB1,019 million (2008: RMB891 million).

5. SEGMENT INFORMATION

(a) CODM, office of the General Manager, reviews the Group's internal reporting in order to assess performance and allocate resources.

The Group has one reportable operating segment, reported as "airline operations", which is structured and managed separately. The "airline operations" comprises the provision of air passenger, air cargo services, mail and ground logistics.

Other services including aviation training, air catering and other miscellaneous services are not included within the reportable operating segment, as they are not included in the internal report provided to the CODM. The results of these operation are included in the "other segments" column.

Inter-segment transactions are entered into under normal commercial terms and conditions that would be available to unrelated third parties.

In accordance with IFRS 8, segment disclosure has been presented in a manner that is consistent with the information used by the Group's CODM. The Group's CODM monitors the results, assets and liabilities attributable to each reportable segment based on financial results prepared under the PRC Accounting Standards for Business Enterprises (the "PRC Accounting Standards"), which differ from IFRS in certain aspects. As such, the amount of each material reconciling items from the Group's reportable segment revenue, profit or loss, assets and liabilities arising from different accounting policies are set out in note 5(c) below.

The segment results for the year ended 31 December 2009 are as follows:

	Airline operations RMB'000	Other segments RMB'000	Elimination RMB'000	Unallocated* RMB'000	Total RMB'000
Reportable segment revenue from external customers	39,727,636	103,695	–	–	39,831,331
Inter-segment sales	–	126,124	(126,124)	–	–
Reportable segment revenue	39,727,636	229,819	(126,124)	–	39,831,331
Reportable segment profit before income tax	644,307	18,563	–	(22,749)	640,121
Reportable segment assets	69,850,127	1,153,130	(137,660)	1,153,084	72,018,681
Reportable segment liabilities	68,068,474	474,739	(137,660)	–	68,405,553
Other segment information					
Depreciation and amortisation	5,278,242	54,494	–	–	5,332,736
Impairment losses	118,022	202	–	–	118,224
Capital expenditure	8,112,355	70,386	–	–	8,182,741

The segment results for the year ended 31 December 2008 are as follows:

	Airline operations RMB'000	Other segments RMB'000	Elimination RMB'000	Unallocated* RMB'000	Total RMB'000
Reportable segment revenue from external customers	41,745,906	96,455	–	–	41,842,361
Inter-segment sales	–	171,213	(171,213)	–	–
Reportable segment revenue	41,745,906	267,668	(171,213)	–	41,842,361
Reportable segment (loss)/profit before income tax	(14,136,843)	45,898	–	105,837	(13,985,108)
Reportable segment assets	70,762,308	1,183,416	(135,637)	1,373,919	73,184,006
Reportable segment liabilities	83,861,674	523,120	(135,637)	–	84,249,157
Other segment information					
Depreciation and amortisation	4,588,298				