

**AIR ARABIA P.J.S.C. (AIR ARABIA)
AND SUBSIDIARY
SHARJAH - UNITED ARAB EMIRATES**

**CONSOLIDATED INTERIM FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE THREE MONTH PERIOD
ENDED MARCH 31, 2009**

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Consolidated Interim Financial Information and Review Report
For the Three Month Period Ended March 31, 2009**

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Ref: 10341FS09-Mar

Report on Review of Consolidated Interim Financial Information

The Board of Directors

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Air Arabia P.J.S.C. (Air Arabia) (the "Company") and Subsidiary (together the "Group")**, **Sharjah, United Arab Emirates**, as of March 31, 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

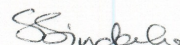
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

**Sharjah
May 4, 2009**

For Deloitte & Touche



**Saba Y. Sindaha
Partner
(Registration No. 410)**

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

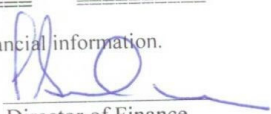
**Condensed Consolidated Statement of Financial Position
At March 31, 2009
(In Arab Emirates Dirhams)**

	Notes	March 31, 2009 Unaudited	December 31, 2008 Audited
ASSETS			
Current assets			
Bank balances and cash	5	1,846,633,895	1,767,125,257
Trade and other receivables	6	248,688,785	241,695,553
Due from related parties		1,238,321	103,191
Inventories		1,326,980	1,562,249
Total current assets		2,097,887,981	2,010,486,250
Non-current assets			
Available-for-sale investments	7	1,522,493,809	1,522,810,487
Aircraft lease deposits	8	42,438,716	42,438,716
Deferred charges		31,048,985	31,694,171
Goodwill	9	189,474,216	189,474,216
Intangible assets	10	1,092,346,500	1,092,346,500
Investment property	11	50,664,583	50,852,083
Advance for new aircraft	12	263,643,840	257,709,990
Property and equipment	13	717,942,601	663,760,795
Total non-current assets		3,910,053,250	3,851,086,958
Total Assets		6,007,941,231	5,861,573,208
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		796,695,962	322,552,719
Deferred income		148,197,109	132,803,072
Due to related parties		14,685,936	8,370,662
Total current liabilities		959,579,007	463,726,453
Non-current liabilities			
Provision for employees' end of service indemnity		17,596,119	14,241,314
Total Liabilities		977,175,126	477,967,767
Capital and reserves			
Share capital	14	4,666,700,000	4,666,700,000
Treasury shares		(30,782,203)	(42,582,203)
Statutory reserve		77,672,380	77,672,380
Cumulative change in fair values		(106,199,002)	(105,882,324)
Retained earnings		423,374,930	787,697,588
Total Equity		5,030,766,105	5,383,605,441
Total Liabilities and Equity		6,007,941,231	5,861,573,208

The accompanying notes form an integral part of this consolidated interim financial information.


Chairman


Chief Executive Officer


Director of Finance

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Condensed Consolidated Statement of Income
For the Three Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)**

	<u>Notes</u>	Three Month Period Ended March 31,	
		2009	2008
		Unaudited	Unaudited
Revenue		463,234,020	383,232,543
Cost of sales	15	(379,083,039)	(330,409,157)
Gross profit		84,150,981	52,823,386
Selling and marketing costs	16	(12,026,504)	(8,388,082)
General and administrative expenses	17	(16,669,693)	(12,521,388)
Operating profit		55,454,784	31,913,916
Profit on bank deposits		45,309,009	45,319,745
Other income		<u>2,604,549</u>	<u>1,077,029</u>
Profit for the period	18	103,368,342 =====	78,310,690 =====
Basic earnings per share	19	0.02 =====	0.02 =====

The accompanying notes form an integral part of this consolidated interim financial information.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Condensed Consolidated Statement of Comprehensive Income
For the Three Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)**

	Three Month Period Ended March 31,	
	2009	2008
	Unaudited	Unaudited
Profit for the period	103,368,342	78,310,690
Other comprehensive income		
(Loss)/gain on available-for-sale investments recognised directly in equity	(316,678)	22,198,503
Board of Directors' remuneration	(1,800,000)	-
Total comprehensive income for the period	101,251,664 =====	100,509,193 =====

The accompanying notes form an integral part of this consolidated interim financial information.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Condensed Consolidated Statement of Changes in Equity
For the Three Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)**

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Statutory reserve</u>	<u>Cumulative change in fair values</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at December 31, 2007 (Audited)	<u>4,666,700,000</u>	<u>-</u>	<u>27,665,734</u>	<u>4,866,635</u>	<u>330,245,010</u>	<u>5,029,477,379</u>
Gain on available-for-sale investments directly recognised in equity	-	-	-	22,198,503	-	22,198,503
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,310,690</u>	<u>78,310,690</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,198,503</u>	<u>78,310,690</u>	<u>100,509,193</u>
Balance at March 31, 2008 (Unaudited)	<u>4,666,700,000</u>	<u>-</u>	<u>27,665,734</u>	<u>27,065,138</u>	<u>408,555,700</u>	<u>5,129,986,572</u>
	=====	=====	=====	=====	=====	=====
Balance at December 31, 2008 (Audited)	<u>4,666,700,000</u>	<u>(42,582,203)</u>	<u>77,672,380</u>	<u>(105,882,324)</u>	<u>787,697,588</u>	<u>5,383,605,441</u>
Loss on available-for-sale investments directly recognised in equity	-	-	-	(316,678)	-	(316,678)
Profit for the period	-	-	-	-	103,368,342	103,368,342
Board of Directors' remuneration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,800,000)</u>	<u>(1,800,000)</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(316,678)</u>	<u>101,568,342</u>	<u>101,251,664</u>
Dividend (see Note 20)	-	-	-	-	(466,670,000)	(466,670,000)
Treasury shares sold	<u>-</u>	<u>11,800,000</u>	<u>-</u>	<u>-</u>	<u>779,000</u>	<u>12,579,000</u>
	<u>-</u>	<u>11,800,000</u>	<u>-</u>	<u>-</u>	<u>(465,891,000)</u>	<u>(454,091,000)</u>
Balance at March 31, 2009 (Unaudited)	<u>4,666,700,000</u>	<u>(30,782,203)</u>	<u>77,672,380</u>	<u>(106,199,002)</u>	<u>423,374,930</u>	<u>5,030,766,105</u>
	=====	=====	=====	=====	=====	=====

The accompanying notes form an integral part of this consolidated interim financial information.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Condensed Consolidated Statement of Cash Flows
For the Three Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)**

	Three Month Period Ended March 31,	
	2009	2008
	Unaudited	Unaudited
Operating activities		
Profit for the period	103,368,342	78,310,690
Adjustment for:		
Depreciation of property and equipment – net	9,338,442	2,084,094
Depreciation of investment property	187,500	187,500
Amortisation of deferred charges - net	2,211,310	180,434
Profit on bank deposits	(45,309,009)	(45,319,745)
Rental income	(750,000)	(562,500)
Operating cash flows before movements in working capital	69,046,585	34,880,473
Decrease in fixed deposit and murhaba deposits	231,489,450	-
Decrease/(increase) in trade and other receivables	5,585,768	(46,617,464)
(Increase)/decrease in due from related parties	(1,135,130)	1,710,251
Decrease/(increase) in inventories	235,269	(356,484)
Increase in aircraft lease deposits	-	(12,430,856)
Increase in trade and other payables	7,473,243	42,322,456
Increase in deferred income	15,394,037	63,214,290
Increase/(decrease) in due to related parties	6,315,274	(5,768,516)
Cash generated from operations	334,404,496	76,954,150
Net movement in employees' end of service indemnity	3,354,805	141,068
Net cash from operating activities	337,759,301	77,095,218
Investing activities		
Purchase of property and equipment - net	(63,520,248)	(332,227,975)
Increase in deferred charges - net	(1,566,124)	(6,921,570)
Purchase of available-for-sale investments	-	(520,731,100)
Advance for new aircrafts	(5,933,850)	-
Profit on bank deposits	45,309,009	45,319,745
Rental income	750,000	562,500
Net cash used in investing activities	(24,961,213)	(813,998,400)
Financing activities		
Board of Directors' remuneration paid	(1,800,000)	-
Net cash used in financing activities	(1,800,000)	-
Net increase/(decrease) in cash and cash equivalents	310,998,088	(736,903,182)
Cash and cash equivalents at the beginning of the period	187,369,282	2,969,905,739
Cash and cash equivalents at the end of the period (see Note 21)	498,367,370	2,233,002,557
	=====	=====

The accompanying notes form an integral part of this consolidated financial information.

Air Arabia P.J.S.C. (Air Arabia) and Subsidiary Sharjah – United Arab Emirates

Notes to the Consolidated Interim Financial Information For the Three Month Period Ended March 31, 2009

1. General information

Air Arabia P.J.S.C. (Air Arabia) - Sharjah (the “Company”) was incorporated on June 19, 2007 as a Public Joint Stock Company in accordance with UAE Federal Law No. 8 of 1984 (as amended). The Company operates in the United Arab Emirates under a trade license issued by the Economic Development Department of the Government of Sharjah and Air Operator's Certificate Number AC 2 issued by the General Civil Aviation Authority, United Arab Emirates. The “Group” comprises Air Arabia P.J.S.C. (Air Arabia) and its Subsidiary (see Note 3). The address of the Company’s registered office is P.O. Box 8, Sharjah, United Arab Emirates.

The licensed activities of the Company are international commercial air transportation, aircraft trading, aircraft rental, aircraft rent, aircraft spare parts trading, travel and tourist agencies, airlines companies representative office, passengers transport, air cargo agents, documents transfer services, telecommunications devices trading and aircraft repairs and maintenance. To date the principal operations comprise international commercial air transportation through Air Arabia operating out of Sharjah, United Arab Emirates.

2. Basis of preparation

This consolidated interim financial information is prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E. The consolidated interim financial information is prepared in accordance with the historical cost basis, except for the revaluation of financial instruments. The consolidated interim financial information is presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group’s transactions are denominated.

This consolidated interim financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group’s audited consolidated financial statements as at and for the year ended December 31, 2008. In addition, results for the 3 months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2009.

(a) Estimates

The preparation of consolidated interim financial information require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

2. Basis of preparation (continued)

a) Estimates (continued)

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2008.

b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended December 31, 2008.

3. Basis of consolidation

The consolidated interim financial information of Air Arabia P.J.S.C. (Air Arabia) and Subsidiary (the "Group") incorporate the financial information of the Company and enterprises controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiary

Details of the Company's subsidiary at March 31, 2009 are as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activity</u>
Red Marketing Communications (FZE)	Sharjah Airport International Free Zone, U.A.E.	100%	100%	Providing marketing, advertisement agency and communication services.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

4. Accounting policies

The accounting policies used in the preparation of this consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements for the year ended December 31, 2008, except for the impact of the adoption of the IAS 1 and IFRS 8, as described below:

IAS 1 – Presentation of financial statements

The revised standard has introduced a number of terminology changes (including revised titles for the condensed financial information) and has resulted in a number of changes in presentation and disclosure. However, the revised standard has had no impact on the reported results or financial position of the Group.

IFRS 8 – Operating Segments

The new standard which replaced IAS 14 ‘Segment reporting’ requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any significant change to the reportable segments presented by the Group as the segments reported by the Group were consistent with the internal reporting provided to the chief operating decision maker.

The accounting policies in respect of available-for-sale investments, investment property and property and equipment disclosed in the annual audited consolidated financial statements are stated below as required by Securities and Commodities Authority notification dated October 12, 2008:

AFS financial assets

Investments in listed shares that are traded in an active market and investments in unlisted fund held by the Group are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

4. Accounting policies (continued)

Investment property

Investment property is accounted under the cost model of IAS 40. Investment property is stated at cost less accumulated depreciation and any identified impairment loss. Depreciation is charged so as to write off the cost of investment property, other than land, over the estimated useful lives of 20 years, using the straight-line method. Value of land granted by the Government of Sharjah on which investment property is constructed is valued by an external consultant.

Property and equipment

Land granted by the Government of Sharjah is not depreciated, as it is deemed to have an infinite life.

Capital work-in-progress is stated at cost less any identified impairment losses.

Other property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than land and capital work-in-progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

5. Bank balances and cash

	March 31, 2009	December 31,
	Unaudited AED	2008 Audited AED
Bank balances:		
Current accounts	36,992,331	34,743,550
Call deposits	26,271,737	45,825,500
Fixed deposits	1,471,871,715	1,372,728,961
Murabaha deposits	310,073,977	312,350,000
Margin deposits	417,500	417,500
	1,845,627,260	1,766,065,511
Cash on hand	1,006,635	1,059,746
	1,846,633,895	1,767,125,257
	=====	=====
Bank balances:		
In U.A.E.	1,535,001,753	1,453,588,019
In other G.C.C. countries	310,625,507	312,477,492
	1,845,627,260	1,766,065,511
	=====	=====

Margin deposits are held by a bank against letters of guarantee.

6. Trade and other receivables

	March 31, 2009	December 31,
	Unaudited AED	2008 Audited AED
Trade receivables	113,923,125	110,628,186
Allowance for doubtful debts	(609,409)	(745,990)
	113,313,716	109,882,196
Prepaid expenses	23,366,739	17,636,794
Advances and other receivables	112,008,330	114,176,563
	248,688,785	241,695,553
	=====	=====

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

7. Available-for-sale investments

	March 31, 2009	December 31,
	Unaudited AED	Audited AED
Quoted	9,405,313	9,477,991
Unquoted	<u>1,513,088,496</u>	<u>1,513,332,496</u>
	<u>1,522,493,809</u>	<u>1,522,810,487</u>
	=====	=====
In U.A.E.	647,101,563	647,418,241
In other G.C.C. countries	<u>875,392,246</u>	<u>875,392,246</u>
	<u>1,522,493,809</u>	<u>1,522,810,487</u>
	=====	=====

8. Aircraft lease deposits

Aircraft lease deposits are placed with lessors located outside U.A.E. for leasing the aircraft.

9. Goodwill

Goodwill arising out of acquisition of Air Arabia L.L.C. (Air Arabia), determined by an independent valuer is as follows:

	March 31, 2009	December 31,
	Unaudited AED	Audited AED
Total fair value of Air Arabia Company L.L.C. (Air Arabia)	1,400,000,000	1,400,000,000
Fair value of intangible assets	(1,092,346,500)	(1,092,346,500)
Fair value of tangible assets (net)	<u>(118,179,284)</u>	<u>(118,179,284)</u>
	<u>189,474,216</u>	<u>189,474,216</u>
	=====	=====

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

10. Intangible assets

Intangible assets arising out of acquisition of Air Arabia L.L.C. (Air Arabia), determined by independent valuer is as follows:

	March 31, 2009	December 31, 2008
	Unaudited AED	Audited AED
Trade name	395,410,000	395,410,000
Landing rights	468,273,000	468,273,000
Price benefit from related parties	180,281,000	180,281,000
Handling licence - Sharjah Aviation Services	48,382,500	48,382,500
Fair value	1,092,346,500	1,092,346,500
	=====	=====

The useful lives of intangible assets have been estimated to be indefinite by the independent valuer.

11. Investment property

	March 31, 2009	December 31, 2008
	Unaudited AED	Audited AED
Cost	54,039,583	54,039,583
Accumulated depreciation	(3,375,000)	(3,187,500)
Carrying amount	50,664,583	50,852,083
	=====	=====

Investment property comprises a building constructed by the Group on a plot of land, adjacent to Sharjah International Airport, granted by the Government of Sharjah.

12. Advance for new aircraft

Advance for new aircraft represents pre-delivery payments made to suppliers outside U.A.E. for an amount of USD 71.74 million (equivalent to AED 263.60 million) (December 31, 2008: USD 70.12 million, equivalent to AED 257.7 million) made in respect of 44 (December 31, 2008: 44) Airbus A320 aircraft.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

13. Property and equipment

	March 31, 2009	December 31, 2008
	Unaudited AED	Audited AED
Cost	764,546,328	701,973,044
Accumulated depreciation	(46,603,727)	(38,212,249)
Carrying amount	717,942,601	663,760,795

During the period, additions to property and equipment amounted to AED 64,723,496 which mainly comprises additions to capital work in progress amounting to AED 56,178,152 on account of construction of a hotel and employee quarters (three month period ended March 31, 2008: aircraft purchases amounting to AED 319,633,125). Depreciation for the 3 month period ended March 31, 2009 amounted to AED 9,742,075 (three month period ended March 31, 2008: AED 2,086,318).

All properties and equipments are located in U.A.E.

Property and equipment includes one plot of land in Sharjah, granted by the Government of Sharjah recognised at nominal value of AED 1.

The following useful lives are used in calculation of depreciation:

	<u>Years</u>
Aircraft	15
Aircraft engines	20
Airport equipments	10
Aircraft rotables and equipment	3 - 10
Other property and equipment	3

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

14. Share capital

	March 31, 2009	December 31, 2008
	Unaudited AED	Audited AED
Authorised and issued share capital (4,666,700,000 shares of AED 1 each)	4,666,700,000	4,666,700,000
	=====	=====

15. Cost of sales

	Three Month Period Ended March 31, 2009	2008
	Unaudited AED	Unaudited AED
Fuel	132,853,263	149,567,850
Staff costs	75,818,353	44,990,918
Aircraft lease rentals	50,922,248	53,861,977
Aircraft maintenance expenses	42,337,961	30,098,232
Ground and technical handling charges	26,299,097	21,768,914
Landing and overflying charges	26,145,702	18,779,775
Insurance	3,384,871	2,361,601
Service costs	1,126,653	4,546,318
Depreciation of property and equipment	9,129,003	1,383,496
Other operating costs	11,065,888	3,050,076
	379,083,039	330,409,157
	=====	=====

16. Selling and marketing costs

	Three Month Period Ended March 31, 2009	2008
	Unaudited AED	Unaudited AED
Staff costs	4,628,776	3,799,211
Advertisement expenses	5,826,514	3,603,808
Reservation management expenses	1,571,214	985,063
	12,026,504	8,388,082
	=====	=====

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

17. General and administrative expenses

	Three Month Period Ended March 31,	
	2009	2008
	Unaudited AED	Unaudited AED
Staff costs	8,202,325	5,374,331
Legal and professional fees	1,985,099	1,465,787
Travel and accommodation costs	389,678	110,939
Communication costs	535,319	466,189
Printing and stationary	445,755	308,348
Depreciation of property and equipment	613,072	702,822
Other expenses	4,498,445	4,092,972
	16,669,693	12,521,388
	=====	=====

18. Profit for the period

Profit for the period is arrived at after charging the following expenses:

	Three Month Period Ended March 31,	
	2009	2008
	Unaudited AED	Unaudited AED
Staff costs	88,649,454	54,164,460
Depreciation of property and equipment	9,742,075	2,086,318
Depreciation of investment property	187,500	187,500
Amortisation of deferred charges	2,211,310	180,434

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

19. Basic earnings per share

	Three Month Period Ended March 31,	
	2009	2008
	Unaudited	Unaudited
Profit for the period (in AED)	103,368,342	78,310,690
Number of shares	4,635,917,797	4,666,700,000
Basic earnings per share (in AED)	0.02	0.02

20. Dividends

At the Annual General Meeting held on March 23, 2009, the shareholders approved a cash dividend of 10% amounting to AED 466,670,000 for 2008. The dividend payable of AED 466,670,000 has been accounted as liability and grouped under trade and other payables.

21. Cash and cash equivalents

	March 31,	
	2009	2008
	Unaudited AED	Unaudited AED
Bank balances and cash	1,846,633,895	2,233,002,557
Fixed deposits with maturity over 3 months	(1,037,775,048)	-
Murabaha deposits	(310,073,977)	-
Margin deposits	(417,500)	-
	498,367,370	2,233,002,557

Air Arabia P.J.S.C. (Air Arabia) and Subsidiary Sharjah – United Arab Emirates

Notes to the Consolidated Interim Financial Information (continued) For the Three Month Period Ended March 31, 2009

22. Joint ventures

The Group has interest in the following joint ventures:

<u>Name of joint venture</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Principal activity</u>
Information Systems Associates (FZC)	Sharjah Airport International Free Zone, U.A.E.	51%	Trading in IT products and providing IT services.
Sharjah Aviation Services (L.L.C.)	Sharjah, U.A.E.	50%	Providing aircraft handling services and passenger services.
Sharjah Airport Travel Agency - SATA	Sharjah, U.A.E.	50%	Travel and tourist agencies, travel office and air cargo.
Alpha Flight Services U.A.E. L.L.C.	Sharjah, U.A.E.	51%	Providing in-flight and retail catering and ancillary services for airports and airlines.
Alpha Aviation Academy U.A.E. L.L.C.	Sharjah, U.A.E.	51%	Aviation training.

The ownership interest of 50% in Sharjah Airport Travel Agency – SATA, is being held by Sharjah Airport Authority, Government of Sharjah in trust and for the benefit of the Group.

The Group has interest in the following joint ventures which are under liquidation:

<u>Name of joint venture</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Principal activity</u>
HAECO Sharjah Aircraft Engg. Co. L.L.C. (no commercial activity carried out till date)	Sharjah, U.A.E.	51%	Trading in aircraft tools and equipments, trading in aircraft spare parts, managing aircrafts, maintenance of aircraft, cleaning service of aircraft.
Yeti Airways International Pvt.	Kathmandu, Nepal	51%	International commercial air transportation.

In 2008, the Company has suspended the operations in Nepal carried out through Yeti Airways International Pvt. - Joint Venture.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

23. Operating lease arrangements

	Three Month Period Ended March 31,	
	2009	2008
	Unaudited AED	Unaudited AED
Minimum lease payment under operating leases (excluding variable lease rental on the basis of flying hours) recognised in profit or loss for the period	48,691,521	49,732,636
	=====	=====

Details of aircraft lease agreements are as follows:

	Number of aircraft	
	March 31, 2009	December 31, 2008
	Unaudited	Audited
Lease agreements signed for	20	19
Aircraft delivered against the above lease agreements	(13)	(13)
Aircraft to be delivered in future periods	7	6
	=====	=====

The fixed lease commitments against delivered aircraft are as follows:

	March 31, 2009	December 31, 2008
	Unaudited AED	Audited AED
Within one year	182,786,922	174,252,462
In the second to fifth years inclusive	483,167,035	446,317,541
After five years	23,218,371	17,905,626
	689,172,328	638,475,629
	=====	=====

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

23. Operating lease arrangements (continued)

The fixed lease commitments against aircraft to be delivered in future periods are as follows:

	March 31, 2009	December 31,
	Unaudited	Audited
	AED	AED
Within one year	66,532,200	38,925,600
In the second to fifth years inclusive	436,090,200	383,528,880
After five years	<u>125,538,000</u>	<u>165,275,040</u>
	<u>628,160,400</u>	<u>587,729,520</u>
	=====	=====

In addition to the above fixed lease commitments, there is a variable lease rental element depending on the flying hours of the leased aircraft.

The aircraft lease agreements are subject to various covenants including restriction to sell or convey substantially all of the Group's property and assets or merge or consolidate with or into any other corporation without the prior consent of the lessor and no security interest may be created by the Group on the leased aircraft.

24. Contingent liabilities

	March 31, 2009	December 31,
	Unaudited	Audited
	AED	AED
Letters of credit	67,991,320	51,398,363
Letters of guarantee	12,863,607	14,878,520

Letters of credit mainly comprise undertaking provided to aircraft lessors in lieu of making lease deposits.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

25. Capital commitments

The Group has entered into the following capital commitments:

	March 31, 2009	December 31, 2008
	Unaudited AED	Audited AED
Authorised and contracted:		
Aircraft fleet	12,980,704,328	12,983,698,777
Hotel project	134,235,345	186,509,880
Employee accommodation	39,625,188	42,934,602
	13,154,564,861	13,213,143,259
	=====	=====
Authorised but not contracted:		
Aircraft fleet	1,422,807,191	1,422,807,191
	=====	=====

Aircraft fleet

The Group has entered into a contract with Airbus S.A.S. for the purchase of 34 Airbus A320 aircraft and there was an option in the contract to purchase 15 aircraft from Airbus, out of which, the Group has exercised the option of purchasing 10 aircraft. The total value of the 44 aircraft order was approximately USD 3.6 billion (AED: 13 billion) (December 31, 2008: 44 aircrafts, USD 3.6 billion (AED 13 billion)) at list prices subject to adjustment in accordance with the Airbus price revision formula. As per the contract, 20% of the purchase price of 44 aircraft is payable over the next five years, with the balance being due on delivery.

The Group has entered into a joint venture agreement for an airline – Air Arabia Maroc which will operate from Casablanca in Morocco. This airline was officially launched on April 29, 2009.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

26. Segment information

Primary reporting format - business segments

March 31, 2009	Airline	Other	Eliminations	Total
	Unaudited	segments	Unaudited	Unaudited
	AED	Unaudited	AED	AED
		AED		
Revenue				
External sales	436,130,662	-	-	436,130,662
Inter-segment sales	-	-	-	-
Total revenue	436,130,662	-	-	436,130,662
	=====	=====	=====	=====
Result				
Segment result	52,112,756	(17,622)	-	52,095,134
Share of profit in joint ventures				4,697,673
Profit from bank deposits and other income				46,575,535
Profit for the period				103,368,342
				=====
Other information				
Additions to property and equipment and deferred charges	58,356,220	-	-	58,356,220
Depreciation and amortisation	11,027,667	17,622	-	11,045,289
	=====	=====	=====	=====
Assets				
Segment assets	2,656,941,336	668,061	(35,310,389)	2,622,299,008
Unallocated Group assets				3,385,642,223
Total Assets				6,007,941,231
				=====
Liabilities				
Segment liabilities	931,959,469	33,133,531	(35,310,389)	929,782,611
Unallocated Group liabilities				47,392,515
Total Liabilities				977,175,126
				=====

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

26. Segment information (continued)

March 31, 2008	<u>Airline</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
	Unaudited	segments	Unaudited	Unaudited
	AED	Unaudited	AED	AED
Revenue				
External sales	359,560,770	771,473	-	360,332,243
Inter-segment sales	-	35,100	(35,100)	-
Total revenue	359,560,770	806,573	(35,100)	360,332,243
	=====	=====	=====	=====
Result				
Segment result	35,731,595	(21,608)	-	35,709,987
Share of losses in joint ventures				(3,295,024)
Profit from bank deposits and other income				45,895,727
Profit for the period				78,310,690
				=====
Other information				
Additions to property and equipment and deferred charges	329,999,838	-	-	329,999,838
Depreciation and amortisation	2,387,638	39,801	-	2,427,439
	=====	=====	=====	=====
December 31, 2008 - Audited				
Assets				
Segment assets	2,640,696,849	1,756,158	(64,585,053)	2,577,867,954
Unallocated Group assets				3,283,705,254
Total Assets				5,861,573,208
				=====
Liabilities				
Segment liabilities	443,775,280	34,204,006	(46,338,051)	431,641,235
Unallocated Group liabilities				46,326,532
Total Liabilities				477,967,767
				=====

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment revenue does not include the Group's share of external revenue of joint ventures, amounting to AED 29,729,320 (three month period ended March 2008: AED 27,677,727), as the share of their results have been disclosed separately as unallocated under segment result. Segment result represents the profit earned by each segment without considering unallocated costs, shares of profits in joint ventures, profit from bank deposits and other income. Segment assets do not include fixed deposits, Murabaha deposits, available-for-sale investments and the Group's share of assets in joint ventures. Goodwill and intangible assets have been allocated to Airline segment (see Note 9 and 10). Segment liabilities do not include Group's share of liabilities in joint ventures.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
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**Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2009**

27. Approval of consolidated interim financial information

The consolidated interim financial information was approved and authorised for issue on May 4, 2009.

28. Comparative amounts

Certain amounts for the prior period were reclassified to current period presentation.