

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

**CONSOLIDATED INTERIM FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE SIX MONTH PERIOD
ENDED JUNE 30, 2009**

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

**Consolidated Interim Financial Information and Review Report
For the Six Month Period Ended June 30, 2009**

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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 June 30, 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six 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.

For Deloitte & Touche

**Sharjah
August 6, 2009**

**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 June 30, 2009
(In Arab Emirates Dirhams)**

	Notes	June 30, 2009 Unaudited	December 31, 2008 Audited
ASSETS			
Current assets			
Bank balances and cash	5	1,531,246,133	1,767,125,257
Trade and other receivables		271,499,622	241,695,553
Due from related parties		14,771,568	103,191
Inventories		3,526,382	1,562,249
Total current assets		1,821,043,705	2,010,486,250
Non-current assets			
Available-for-sale investments	6	1,548,110,258	1,522,810,487
Aircraft lease deposits		27,425,191	42,438,716
Deferred charges		30,515,651	31,694,171
Investment in an associate	7	16,277,978	-
Goodwill		189,474,216	189,474,216
Intangible assets		1,092,346,500	1,092,346,500
Investment property	8	50,477,083	50,852,083
Advance for new aircraft		291,502,759	257,709,990
Property and equipment		723,964,295	663,760,795
Total non-current assets		3,970,093,931	3,851,086,958
Total Assets		5,791,137,636	5,861,573,208
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		388,666,328	322,552,719
Deferred income		188,924,477	132,803,072
Due to related parties		13,618,194	8,370,662
Total current liabilities		591,208,999	463,726,453
Non-current liabilities			
Provision for employees' end of service indemnity		19,684,415	14,241,314
Total Liabilities		610,893,414	477,967,767
Capital and reserves			
Share capital	9	4,666,700,000	4,666,700,000
Treasury shares		-	(42,582,203)
Statutory reserve		77,672,380	77,672,380
Cumulative change in fair values		(80,582,553)	(105,882,324)
Retained earnings		516,454,395	787,697,588
Total Equity		5,180,244,222	5,383,605,441
Total Liabilities and Equity		5,791,137,636	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 six month period ended June 30, 2009
(In Arab Emirates Dirhams)**

	Notes	<u>Six month period ended June 30,</u>		<u>Three month period ended June 30,</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue		921,651,957	870,680,025	458,417,937	487,447,482
Cost of sales		(761,052,410)	(745,772,893)	(381,969,371)	(415,363,736)
Gross profit		160,599,547	124,907,132	76,448,566	72,083,746
Selling and marketing expenses		(21,320,065)	(17,402,868)	(9,293,561)	(9,014,786)
General administrative expenses		(32,636,835)	(29,280,424)	(15,967,142)	(16,759,036)
Operating profit		106,642,647	78,223,840	51,187,863	46,309,924
Profit on bank deposits		84,438,277	79,523,276	39,129,268	34,203,531
Other income/(expenses)	10	<u>1,963,443</u>	<u>2,080,820</u>	<u>(641,106)</u>	<u>1,003,791</u>
Profit for the period		193,044,367	159,827,936	89,676,025	81,517,246
		=====	=====	=====	=====
Basic earnings per share	11	0.04	0.03	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 six month period ended June 30, 2009
(In Arab Emirates Dirhams)**

	<u>Six month period ended June 30,</u>		<u>Three month period ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	193,044,367	159,827,936	89,676,025	81,517,246
Other comprehensive income				
Gain on available-for-sale investments recognised directly in equity	25,299,771	66,602,179	25,616,449	44,403,676
Board of Directors' remuneration	(1,800,000)	-	-	-
Total comprehensive income for the period	216,544,138	226,430,115	115,292,474	125,920,922
	=====	=====	=====	=====

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 six month period ended June 30, 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)	4,666,700,000	-	27,665,734	4,866,635	330,245,010	5,029,477,379
Profit for the period	-	-	-	-	159,827,936	159,827,936
Gain on available-for-sale investments directly recognised in equity	-	-	-	66,602,179	-	66,602,179
Total comprehensive income for the period	-	-	-	66,602,179	159,827,936	226,430,115
Balance at June 30, 2008 (Unaudited)	4,666,700,000	-	27,665,734	71,468,814	490,072,946	5,255,907,494
	=====	=====	=====	=====	=====	=====
Balance at December 31, 2008 (Audited)	4,666,700,000	(42,582,203)	77,672,380	(105,882,324)	787,697,588	5,383,605,441
Profit for the period	-	-	-	-	193,044,367	193,044,367
Gain on available-for-sale investments directly recognised in equity	-	-	-	25,299,771	-	25,299,771
Board of directors' remuneration	-	-	-	-	(1,800,000)	(1,800,000)
Total comprehensive income for the period	-	-	-	25,299,771	191,244,367	216,544,138
Dividend	-	-	-	-	(466,670,000)	(466,670,000)
Treasury shares sold	-	42,582,203	-	-	4,182,440	46,764,643
	-	42,582,203	-	-	(462,487,560)	(419,905,357)
Balance at June 30, 2009 (Unaudited)	4,666,700,000	-	77,672,380	(80,582,553)	516,454,395	5,180,244,222
	=====	=====	=====	=====	=====	=====

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 six month period ended June 30, 2009

(In Arab Emirates Dirhams)

	Six month period ended June 30, 2009 <u>Unaudited</u>	Six month period ended June 30, 2008 <u>Unaudited</u>
Operating activities		
Profit for the period	193,044,367	159,827,936
Adjustment for:		
Depreciation of property and equipment – net	18,930,432	8,880,927
Depreciation of investment property	375,000	375,000
Amortisation of deferred charges - net	4,353,070	1,386,595
Dividend income	(1,197,014)	(508,461)
Profit on bank deposits	(84,438,277)	(79,523,276)
Rental income	(1,125,000)	(1,125,000)
Operating cash flows before movements in working capital	129,942,578	89,313,721
Decrease/(increase) in margin deposits	1,465	(606,000)
Increase in trade and other receivables	(29,804,069)	(41,335,984)
(Increase)/decrease in due from related parties	(14,668,377)	1,710,251
Increase in inventories	(1,964,133)	(669,719)
Decrease/(increase) in aircraft lease deposits	15,013,525	(6,440,606)
Increase in trade and other payables	66,113,609	67,812,028
Increase in deferred income	56,121,405	115,834,263
Increase/(decrease) in due to related parties	<u>5,247,532</u>	<u>(5,598,837)</u>
Cash from operations	226,003,535	220,019,117
Net movement in employees' end of service indemnity	<u>5,443,101</u>	<u>179,735</u>
Net cash from operating activities	<u>231,446,636</u>	<u>220,198,852</u>
Investing activities		
Decrease/(increase) in fixed and murabaha deposits	1,579,338,475	(672,514,569)
Purchase of property and equipment - net	(79,133,932)	(523,663,281)
Increase in deferred charges - net	(3,174,550)	(29,316,725)
Purchase of available-for-sale investments	-	(721,479,255)
Net movement in an associate	(16,277,978)	-
Advance for new aircraft	(33,792,769)	-
Dividend received	1,197,014	508,461
Profit on bank deposits	84,438,277	79,523,276
Rental income	<u>1,125,000</u>	<u>1,125,000</u>
Net cash from/(used in) investing activities	<u>1,533,719,537</u>	<u>(1,865,817,093)</u>
Financing activities		
Treasury shares sold	46,764,643	-
Board of Directors' remuneration paid	(1,800,000)	-
Dividend paid	<u>(466,670,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(421,705,357)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,343,460,816	(1,645,618,241)
Cash and cash equivalents at the beginning of the period	<u>187,369,282</u>	<u>2,969,905,739</u>
Cash and cash equivalents at the end of the period (see Note 13)	1,530,830,098	1,324,287,498
	=====	=====

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**

**Notes to the Consolidated Interim Financial Information
For the six month period ended June 30, 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 6 months ended June 30, 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 six month period ended June 30, 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 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 June 30, 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 six month period ended June 30, 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:

Investment in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies of that investee.

The Group’s investment in its associates is accounted for and assets and liabilities of associates are incorporated in these consolidated financial statements under equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are not recognised. The financial performance of its associates is recorded in the consolidated income statement.

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

**Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2009**

4. Accounting policies (continued)

Investment in an associate (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated income statement.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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 cumulative change in fair values 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 cumulative change in fair values 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.

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.

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

**Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2009**

4. Accounting policies (continued)

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.

5. Bank balances and cash

	June 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Bank balances:		
Current accounts	37,986,272	34,743,550
Call deposits	20,221,079	45,825,500
Fixed deposits	1,160,406,068	1,372,728,961
Murabaha deposits	311,223,977	312,350,000
Margin deposits	416,035	417,500
	<u>1,530,253,431</u>	<u>1,766,065,511</u>
Cash on hand	<u>992,702</u>	<u>1,059,746</u>
	<u>1,531,246,133</u>	<u>1,767,125,257</u>
	=====	=====
Bank balances:		
In U.A.E.	1,218,728,924	1,453,588,019
In other G.C.C. countries	<u>311,524,507</u>	<u>312,477,492</u>
	<u>1,530,253,431</u>	<u>1,766,065,511</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 six month period ended June 30, 2009**

6. Available-for-sale investments

	June 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Quoted	14,036,723	9,477,991
Unquoted	<u>1,534,073,535</u>	<u>1,513,332,496</u>
	1,548,110,258	1,522,810,487
	=====	=====
In U.A.E.	672,718,012	647,418,241
In other G.C.C. countries	<u>875,392,246</u>	<u>875,392,246</u>
	1,548,110,258	1,522,810,487
	=====	=====

7. Investment in an associate

The Group has invested 29% interest in Air Arabia Maroc S. A., a Company incorporated in Morocco, and engaged in the international commercial air transportation.

8. Investment property

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.

9. Share capital

	June 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Authorised and issued share capital (4,666,700,000 shares of AED 1 each)	<u>4,666,700,000</u>	<u>4,666,700,000</u>
	=====	=====

10. Other income/(expenses)

Other income/(expenses) includes share of losses from investment in an associate.

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

Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2009

11. Basic earnings per share

	Six month period ended June 30		Three month period ended June 30	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period (in AED)	193,044,367	159,827,936	89,676,025	81,517,246
Number of shares	4,666,700,000	4,666,700,000	4,666,700,000	4,666,700,000
Basic earnings per share (in AED)	0.04	0.03	0.02	0.02

12. Dividend

At the Annual General Meeting held on March 23, 2009, the shareholders approved a cash dividend of 10% amounting to AED 466,670,000 (10 fils per share) for 2008.

13. Cash and cash equivalents

	June 30	
	2009	2008
	Unaudited AED	Unaudited AED
Bank balances and cash	1,531,246,133	1,997,408,067
Fixed deposits with maturity over 3 months	-	(369,364,569)
Murabaha deposits	-	(303,150,000)
Margin deposits	(416,035)	(606,000)
	1,530,830,098	1,324,287,498

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

**Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2009**

14. Operating aircraft lease commitments

	June 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Within one year	259,370,762	213,178,062
In the second to fifth years inclusive	884,211,894	829,846,421
After five years	<u>120,223,899</u>	<u>183,180,666</u>
	<u>1,263,806,555</u>	<u>1,226,205,149</u>
	=====	=====

15. Contingent liabilities

	June 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Letters of credit	73,448,363	51,398,363
Letters of guarantee	14,187,023	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 six month period ended June 30, 2009**

16. Capital commitments

The Group has entered into the following capital commitments:

	June 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Authorised and contracted:		
Aircraft fleet	12,941,058,483	12,983,698,777
Hotel project	127,667,011	186,509,880
Employee accommodation	37,107,641	42,934,602
Others	<u>2,185,261</u>	<u>-</u>
	<u>13,108,018,396</u>	<u>13,213,143,259</u>
	=====	=====
Authorised but not contracted:		
Aircraft fleet	<u>1,422,807,191</u>	<u>1,422,807,191</u>
	=====	=====

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.

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

**Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2009**

17. Segment information

Primary reporting format – business segments

June 30, 2009	<u>Airline</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Unaudited</u>	<u>segments</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>AED</u>	<u>Unaudited</u>	<u>AED</u>	<u>AED</u>
Revenue				
External sales	871,633,436	-	-	871,633,436
	=====	=====	=====	=====
Result				
Segment result	94,672,115	86,419	-	94,758,534
Share of profit in joint ventures	-	-	-	11,938,976
Profit from bank deposits and other income	-	-	-	86,346,857
	=====	=====	=====	=====
Profit for the period				193,044,367
				=====
Other information				
Additions to property and equipment and deferred charges	84,875,203	-	-	84,875,203
Depreciation and amortisation	23,995,446	32,073	-	24,027,519
	=====	=====	=====	=====
June 30, 2009 - unaudited				
Assets				
Segment assets	<u>2,685,544,351</u>	<u>5,230,374</u>	<u>(5,012,392)</u>	2,685,762,333
Unallocated Group assets				<u>3,105,375,303</u>
Total Assets				5,791,137,636
				=====
Liabilities				
Segment liabilities	<u>574,945,951</u>	<u>2,027,430</u>	<u>(5,012,392)</u>	571,960,989
Unallocated Group liabilities				<u>38,932,425</u>
Total Liabilities				610,893,414
				=====

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

**Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2009**

17. Segment information (continued)

Primary reporting format - business segments (continued)

June 30, 2008	<u>Airline</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Revenue				
External sales	809,539,838	2,528,767	-	812,068,605
Inter-segment sales	-	35,100	(35,100)	-
Total Revenue	809,539,838	2,563,867	(35,100)	812,068,605
	=====	=====	=====	=====
Result				
Segment result	81,072,093	1,820,435	-	82,892,528
Share of losses in joint ventures				(3,981,485)
Profit from bank deposits and other income				80,916,893
Profit for the period				159,827,936
				=====
Other information				
Additions to property and equipment and deferred charges	553,511,775	-	-	553,511,775
Depreciation and amortisation	10,719,691	79,601	-	10,799,292
	=====	=====	=====	=====
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 58,207,254 (six month period ended June 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, investment in an associate and the Group's share of assets in joint ventures. Goodwill and intangible assets have been allocated to Airline segment. 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 six month period ended June 30, 2009**

18. Approval of consolidated interim financial information

The consolidated interim financial information was approved and authorised for issue on August 6, 2009.